

NO. 0020/0600

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This letter is given to confirm that the English version of the Auditor's Report together with the consolidated financial statements for the years ended December 31, 2011 and 2010 of the Thai Airways International Public Company Limited and its subsidiaries and the separate financial statements for the years ended December 31, 2011 and 2010 of the Thai Airways International Public Company Limited were translated by the Thai Airways International Public Company Limited. The Office of the Auditor General reviewed the aforementioned English version of the Auditor's Report and financial statements and found that they are in agreement, as to form and content, with the Auditor's Report and the consolidated and separate financial statements for the same period issued in the Thai language.

Given on March 2, 2012

(Signed) *Prapee Ankinandana*
(Pranee Ankinandana)
Deputy Auditor General
Acting 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 subsidiaries and the statement of financial position of Thai Airways International Public Company Limited as at December 31, 2011 and 2010, and the related consolidated and the Company's statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial 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 subsidiaries and of the Thai Airways International Public Company Limited as at December 31, 2011 and 2010, and the results of operations, the changes in shareholders' equity, and the cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying an opinion on these financial statements, the Office of the Auditor General of Thailand would like to draw attention to Note 3 and 4, during the current year, the Company has adopted the revised new accounting standards and accounting standard interpretations issued by the Federation of Accounting Professions to prepare and present these financial statements. The Company restated the financial statements as at December 31, 2010 and for the year then ended to comply with the changes in accounting policy resulting from the adoption of revised accounting standards and accounting standard interpretations.

(Signed) *Jiraporn Piriyaakitpaiboon*
(Jiraporn Piriyaakitpaiboon)
Inspector General

(Signed) *Dawan Wongphayak*
(Dawan Wongphayak)
Director of Audit Office

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011 AND 2010

Unit : Baht

	<u>Notes</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
		<u>2011</u>	<u>2010</u> (Restated)	<u>2011</u>	<u>2010</u> (Restated)
ASSETS					
Current Assets					
Cash and cash equivalents	6.1	16,666,025,016	37,679,682,021	16,629,940,922	37,601,476,433
Temporary investments		419,005,881	549,631,092	-	-
Trade accounts receivable	6.2	16,648,726,577	17,026,522,846	16,623,707,215	16,997,958,124
Prepaid expenses and deposits		10,467,893,729	9,086,820,600	10,482,589,799	9,080,884,481
Inventories and supplies	6.3	7,710,007,103	6,967,672,684	7,710,007,103	6,967,672,684
Other current assets	6.4	7,120,368,409	6,991,111,837	7,090,660,788	6,963,643,648
Non-current assets classified as held for sale		261,631,778	274,996,800	261,631,778	274,996,800
Total Current Assets		59,293,658,493	78,576,437,880	58,798,537,605	77,886,632,170
Non-Current Assets					
Investment in associates	6.5.1	1,629,966,047	1,400,993,771	1,083,520,500	918,520,500
Investment in subsidiaries	6.5.1	-	-	10,209,900	9,229,930
Other long-term investments	6.5.2	179,041,214	78,868,075	79,889,058	78,868,075
Property, plant and equipment	6.7	204,994,677,040	206,118,498,576	204,987,311,294	206,106,106,106
Intangible assets	6.8	623,739,745	552,355,100	617,255,122	547,622,540
Deferred tax assets	6.9	5,409,447,315	7,569,631,669	5,398,556,488	7,555,783,585
Other non-current assets	6.11	2,314,170,825	2,261,025,826	2,312,892,713	2,260,652,011
Total Non-Current Assets		215,151,042,186	217,981,373,017	214,489,635,075	217,476,782,747
Total Assets		274,444,700,679	296,557,810,897	273,288,172,680	295,363,414,917

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011 AND 2010

		<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>Notes</u>	<u>2011</u>	<u>2010</u> (Restated)	<u>2011</u>	<u>2010</u> (Restated)
Unit : Baht					
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade accounts payable		7,362,821,704	6,438,803,086	7,354,684,963	6,429,968,646
Accrued expenses		13,958,939,401	18,897,692,862	13,940,060,094	18,869,584,115
Current portion of long-term liabilities					
Long-term loans from related parties	6.12	2,072,000,000	2,072,000,000	2,072,000,000	2,072,000,000
Long-term loans from other parties	6.12	2,028,000,000	-	2,028,000,000	-
Liabilities under finance leases	6.13	10,102,499,455	9,595,026,378	10,102,499,455	9,595,026,378
Debentures	6.14	4,670,000,000	11,487,920,000	4,670,000,000	11,487,920,000
Current income tax payable		14,507,725	16,398,775	-	-
Other current liabilities					
Accrued dividends		52,032,037	72,007,719	51,960,945	72,007,719
Unearned transportation revenues		24,760,701,984	25,804,443,193	24,760,701,984	25,804,443,193
Deferred income		-	509,417,156	-	509,417,156
Others	6.15	5,653,845,282	5,841,986,865	5,629,595,110	5,819,769,875
Total Current Liabilities		70,675,347,588	80,735,696,034	70,609,502,551	80,660,137,082
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from related parties	6.12	5,235,276,000	7,245,852,000	5,235,276,000	7,245,852,000
Long-term loans from others	6.12	47,272,000,000	43,300,000,000	47,272,000,000	43,300,000,000
Liabilities under finance leases	6.13	47,793,179,638	54,732,093,240	47,793,179,638	54,732,093,240
Debentures	6.14	23,126,790,000	17,846,790,000	23,176,790,000	17,846,790,000
Deferred tax liabilities	6.10	55,761,979	-	55,761,979	-
Staff pension fund	6.29	4,561,205,013	4,371,134,750	4,561,205,013	4,371,134,750
Employee benefits obligation	6.17	10,631,622,487	9,326,022,519	10,627,153,071	9,322,510,535
Long-term provisions	6.16	1,526,616,686	2,556,971,979	1,524,216,756	2,555,351,979
Other non-current liabilities		131,684,668	61,310,000	130,996,430	61,310,000
Total Non-Current Liabilities		140,334,136,471	139,440,174,488	140,376,578,887	139,435,042,504
Total Liabilities		211,009,484,059	220,175,870,522	210,986,081,438	220,095,179,586
Shareholders' Equity					
Share capital	6.19				
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Share premium account - Ordinary shares		25,548,223,951	25,548,223,951	25,548,223,951	25,548,223,951
Retained earnings					
Appropriated					
Legal reserve		2,469,792,865	2,469,792,865	2,469,792,865	2,469,792,865
Unappropriated		13,323,207,378	26,247,856,250	12,456,355,256	25,422,499,345
Total Company Shareholders' Equity		63,168,943,364	76,093,592,236	62,302,091,242	75,268,235,331
Non-controlling Interests		266,273,256	288,348,139	-	-
Total Shareholders' Equity		63,435,216,620	76,381,940,375	62,302,091,242	75,268,235,331
Total Liabilities and Shareholders' Equity		274,444,700,679	296,557,810,897	273,288,172,680	295,363,414,917

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

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2011	2010 (Restated)	2011	2010 (Restated)
Revenues					
Revenues from Sales or Revenues from Services					
Passenger and excess baggage		154,646,038,064	144,862,179,813	154,646,038,064	144,862,179,813
Freight		27,245,224,586	27,391,294,840	27,245,224,586	27,391,294,840
Mail		846,773,123	838,688,162	846,773,123	838,688,162
Other activities		8,259,156,208	7,496,520,151	7,953,888,559	7,181,174,045
Total Revenues from Sales or Revenues from Services		190,997,191,981	180,588,682,966	190,691,924,332	180,273,336,860
Other Income					
Interest income		710,591,930	185,028,027	696,064,855	175,552,112
Other income - Others	6.22	2,634,025,739	3,496,673,812	2,825,207,874	3,666,122,646
Total Other Income		3,344,617,669	3,681,701,839	3,521,272,729	3,841,674,758
Total Revenues		194,341,809,650	184,270,384,805	194,213,197,061	184,115,011,618
Expenses					
Fuel and oil		76,388,558,174	56,518,905,218	76,388,558,174	56,518,905,218
Employee benefits expenses	6.21	31,009,093,407	34,524,846,106	30,964,018,415	34,484,049,321
Flight service expenses		20,427,965,628	19,064,241,405	20,427,965,628	19,064,241,405
Crew expenses		5,485,141,957	5,092,478,171	5,485,141,957	5,092,478,171
Aircraft maintenance and overhaul costs		11,698,186,020	9,674,696,586	11,698,186,020	9,674,696,586
Depreciation and amortisation expenses		19,989,063,832	20,236,478,167	19,977,881,694	20,224,771,922
Lease of aircraft and spare parts		5,429,503,645	4,330,692,346	5,429,503,645	4,330,692,346
Inventories and supplies		9,042,071,447	9,045,666,940	9,042,071,447	9,045,666,940
Selling and advertising expenses		5,885,165,605	6,103,389,350	5,816,205,759	6,060,948,019
Insurance expenses		732,966,634	675,150,146	732,966,634	675,150,146
Impairment loss of assets		939,895,341	318,265,061	939,895,341	123,265,061
Impairment loss of aircraft	6.24	180,909,303	170,914,911	180,909,303	170,914,911
Other expenses	6.23	7,148,903,461	6,056,118,134	7,079,838,343	5,990,978,336
Losses (Gains) on foreign currency exchange		2,428,181,168	(9,106,263,666)	2,430,282,274	(9,114,515,204)
Finance costs		5,655,587,760	5,165,714,842	5,657,410,445	5,165,714,842
Loss on debentures redemption		1,427,287	-	-	-
Share of profits of associates		(183,736,042)	(257,921,577)	-	-
Total Expenses		202,258,884,627	167,613,372,140	202,250,835,079	167,507,958,020
Profit (loss) before Income Tax Expense		(7,917,074,977)	16,657,012,665	(8,037,638,018)	16,607,053,598
Net tax expense	6.25	2,245,036,998	1,865,335,568	2,200,830,323	1,816,968,739
Profit (loss) for the year		(10,162,111,975)	14,791,677,097	(10,238,468,341)	14,790,084,859
Other Comprehensive Income (Expense)		-	-	-	-
Other Comprehensive Income (Expense) for the year - net of tax		-	-	-	-
Total Comprehensive Income (Expense) for the year		(10,162,111,975)	14,791,677,097	(10,238,468,341)	14,790,084,859
Profit (Loss) Attributable to:					
Owners of the parent		(10,196,973,124)	14,743,648,463	(10,238,468,341)	14,790,084,859
Non-controlling interests		34,861,149	48,028,634	-	-
		(10,162,111,975)	14,791,677,097	(10,238,468,341)	14,790,084,859
Total Comprehensive Income (Expense) Attributable to:					
Owners of the parent		(10,196,973,124)	14,743,648,463	(10,238,468,341)	14,790,084,859
Non-controlling interests		34,861,149	48,028,634	-	-
		(10,162,111,975)	14,791,677,097	(10,238,468,341)	14,790,084,859
Earnings (loss) per Share					
Basic earnings (loss) per share	6.27	(4.67)	8.06	(4.69)	8.08

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

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

	Owners of the parent				Non-controlling Interests	Total	
	<i>Notes</i>	Issued and Paid-up Share Capital	Share Premium Account - Ordinary Shares	Retained Earnings			Total Owners of the parent
Balance as at January 1, 2010 before Adjustment		16,989,009,500	15,637,625,278	20,319,766,346	52,946,401,124	297,558,183	53,243,959,307
<u>Less</u> The effect of changes in accounting policy		-	-	(5,921,065,085)	(5,921,065,085)	(883,748)	(5,921,948,833)
Balance after Adjustment		16,989,009,500	15,637,625,278	14,398,701,261	47,025,336,039	296,674,435	47,322,010,474
Changes in Shareholders' Equity							
<u>Add</u> Issued and paid-up ordinary shares - The Company		4,838,709,670	10,161,290,307	-	14,999,999,977	-	14,999,999,977
<u>Add</u> Issued and paid-up ordinary shares - Subsidiaries		-	-	-	-	70	70
<u>Add</u> Issued and paid-up preference shares - Subsidiaries		-	-	-	-	1,020,000	1,020,000
<u>Less</u> Dividends paid		-	-	(424,725,237)	(424,725,237)	(57,375,000)	(482,100,237)
<u>Add</u> Dividends returned		-	-	24,628	24,628	-	24,628
<u>Less</u> Stock issuing fee		-	(250,691,634)	-	(250,691,634)	-	(250,691,634)
<u>Add</u> Comprehensive income for the year 2010 (Restated)		-	-	14,743,648,463	14,743,648,463	48,028,634	14,791,677,097
Balance as at December 31, 2010		21,827,719,170	25,548,223,951	28,717,649,115	76,093,592,236	288,348,139	76,381,940,375
Balance as at January 1, 2011 before Adjustment		21,827,719,170	25,548,223,951	35,244,758,604	82,620,701,725	289,454,414	82,910,156,139
<u>Less</u> The effect of changes in accounting policy	4	-	-	(6,527,109,489)	(6,527,109,489)	(1,106,275)	(6,528,215,764)
Balance after Adjustment		21,827,719,170	25,548,223,951	28,717,649,115	76,093,592,236	288,348,139	76,381,940,375
<u>Add</u> Issued and paid-up ordinary shares - Thai Flight Training Company Limited		-	-	-	-	60	60
Issued and paid-up preference shares - Tour Eurng Luang Company Limited		-	-	-	-	510,000	510,000
<u>Less</u> Dividends paid	6.18	-	-	(2,728,464,896)	(2,728,464,896)	(57,375,000)	(2,785,839,896)
<u>Add</u> Dividends returned		-	-	789,148	789,148	-	789,148
<u>Less</u> Dividends paid to cumulative preference shares		-	-	-	-	(71,092)	(71,092)
<u>Add</u> Comprehensive income (expense) for the year 2011		-	-	(10,196,973,124)	(10,196,973,124)	34,861,149	(10,162,111,975)
Balance as at December 31, 2011		21,827,719,170	25,548,223,951	15,793,000,243	63,168,943,364	266,273,256	63,435,216,620

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

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : Baht

SEPARATE FINANCIAL STATEMENTS

<i>Notes</i>	Issued and Paid-up Share Capital	Share Premium Account - Ordinary Share:	Retained Earnings	Total
Balance as at January 1, 2010 before Adjustment	16,989,009,500	15,637,625,278	19,446,892,908	52,073,527,686
<u>Less</u> The effect of changes in accounting policy	-	-	(5,919,984,948)	(5,919,984,948)
Balance after Adjustment	16,989,009,500	15,637,625,278	13,526,907,960	46,153,542,738
Changes in Shareholders' Equity				
<u>Add</u> Issued and paid-up ordinary shares	4,838,709,670	10,161,290,307	-	14,999,999,977
<u>Less</u> Dividends paid	-	-	(424,725,237)	(424,725,237)
<u>Add</u> Dividends returned	-	-	24,628	24,628
<u>Less</u> Stock issuing fee	-	(250,691,634)	-	(250,691,634)
<u>Add</u> Comprehensive income for the year 2010 (Restated)	-	-	14,790,084,859	14,790,084,859
Balance as at December 31, 2010	21,827,719,170	25,548,223,951	27,892,292,210	75,268,235,331
Balance as at January 1, 2011 before Adjustment	21,827,719,170	25,548,223,951	34,418,049,585	81,793,992,706
<u>Less</u> The effect of changes in accounting policy	4	-	(6,525,757,375)	(6,525,757,375)
Balance after Adjustment	21,827,719,170	25,548,223,951	27,892,292,210	75,268,235,331
Changes in Shareholders' Equity				
<u>Less</u> Dividends paid	6.18	-	(2,728,464,896)	(2,728,464,896)
<u>Add</u> Dividends returned	-	-	789,148	789,148
<u>Less</u> Comprehensive loss for the year 2011	-	-	(10,238,468,341)	(10,238,468,341)
Balance as at December 31, 2011	21,827,719,170	25,548,223,951	14,926,148,121	62,302,091,242

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

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>		
	<u>Notes</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
			(Restated)		(Restated)
Unit : Baht					
Cash Flows from Operating Activities					
Profits (losses) before income tax expenses		(7,917,074,977)	16,657,012,665	(8,037,638,018)	16,607,053,598
Adjustment to reconcile profit before tax to cash provided by (paid from) operating activities :					
Depreciation and amortisation expenses		19,989,063,832	20,236,478,167	19,977,881,694	20,224,771,922
Dividends received		(98,000)	(105,000)	(189,986,765)	(168,119,520)
Share of profits of investments by equity method		(183,736,042)	(257,921,577)	-	-
Interest income		(710,591,930)	(185,028,027)	(696,064,855)	(175,552,112)
Interest expenses		5,655,587,760	5,165,714,842	5,657,410,445	5,165,714,842
Gains on sales of assets		(9,961,177)	(93,913,342)	(9,961,177)	(93,913,342)
Loss on sales of aircrafts		-	148,464,856	-	148,464,856
Other non-current liabilities		779,930	1,620,000	-	-
Loss (Gain) on foreign currency exchange		1,430,932,281	(8,231,569,446)	1,430,754,039	(8,231,449,732)
Employee benefits obligation		1,305,599,968	866,095,615	1,304,642,536	865,389,181
Provision for obsolete inventories and supplies		87,982,108	(5,864,415)	87,982,108	(5,864,415)
Doubtful accounts		56,272,429	(58,104,978)	56,298,513	(57,891,791)
Impairment loss of aircrafts		180,909,303	170,914,911	180,909,303	170,914,911
Impairment loss of assets		939,895,341	318,265,061	939,895,341	318,265,061
Reversal of impairment loss on investment		-	-	-	(195,000,000)
Operating profits before changes in operating assets and liabilities		20,825,560,826	34,732,059,332	20,702,123,164	34,572,783,459
Decrease (increase) in operating assets :					
Trade accounts receivable		459,850,730	(1,860,354,166)	456,449,156	(1,910,237,178)
Inventories and supplies		(942,837,773)	(763,848,741)	(942,837,773)	(763,848,741)
Prepaid expenses and deposits		(860,553,052)	(4,850,356,383)	(881,185,241)	(4,850,381,343)
Tax refund	A	192,977,393	(6,460,094)	192,977,393	(6,460,094)
Other current assets		110,313,613	(331,076,245)	109,344,521	(339,504,049)
Deferred Income Taxes		38,375,858	-	38,375,858	-
Assets for sales		3,163,998	508,609,865	3,163,998	508,609,865
Other assets		51,975,533	24,642,739	52,879,830	24,642,739
Deferred charges		(407,994,056)	(258,706,810)	(407,994,056)	(258,706,810)
Increase (decrease) in operating liabilities :					
Trade accounts payable		(2,775,025,683)	(136,433,674)	(2,772,255,538)	(139,995,611)
Accrued expenses and other current liabilities		(4,888,550,157)	5,082,051,140	(4,878,839,330)	5,078,376,088
Deferred income		(509,417,156)	(1,460,945,567)	(509,417,156)	(1,460,945,567)
Staff pension fund		190,070,263	(337,472,736)	190,070,263	(337,472,736)
Unearned transportation revenues		(927,854,273)	473,087,269	(927,854,273)	473,087,269
Other non-current liabilities		(1,109,717,473)	(1,324,984,970)	(1,109,717,473)	(1,324,984,970)
Cash received from operations		9,450,338,591	29,489,810,959	9,315,283,343	29,264,962,321
Payment of income tax		(283,641,408)	(1,222,185,214)	(240,500,940)	(1,157,396,421)
Net Cash from Operating Activities		9,166,697,183	28,267,625,745	9,074,782,403	28,107,565,900

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		<u>CONSOLIDATED FINANCIAL STATEMENTS</u>		<u>SEPARATE FINANCIAL STATEMENTS</u>	
	<u>Notes</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
			(restated)		(restated)
Cash Flows from Investing Activities					
Cash received from operational assistance subsidy		69,686,430	61,310,000	69,686,430	61,310,000
Cash paid for acquisition of fixed assets	B	(12,336,018,601)	(9,580,587,175)	(12,332,724,504)	(9,579,055,127)
Cash paid for intangible assets		(292,020,009)	(103,200,695)	(290,158,940)	(102,869,598)
Cash received from transferring the rights for advance payment of aircraft and aircraft equipment		584,610,525	318,985,741	584,610,525	318,985,741
Cash received from sales of assets		285,163,764	374,968,984	285,163,764	374,968,984
Interest income		665,619,895	158,296,837	654,985,655	147,723,351
Dividends received		119,861,765	97,994,520	189,986,765	168,119,520
Investment decrease (increase)		(260,789,804)	128,222	(162,741,311)	(851,708)
Cash received (paid) from (for) temporary investment		133,969,660	(199,969,555)	-	-
Net Cash used in Investing Activities		(11,029,916,375)	(8,872,073,121)	(11,001,191,616)	(8,611,668,837)
Cash Flows from Financing Activities					
Cash received from debentures		10,000,000,000	-	10,000,000,000	-
Cash received from long-term loans		8,799,805,348	21,965,338,178	8,799,805,348	21,965,338,178
Cash received from issuing ordinary shares		60	4,838,709,740	-	4,838,709,670
Cash received from issuing preference shares		510,000	1,020,000	-	-
Cash received from premium on ordinary shares		-	9,910,598,674	-	9,910,598,674
Cash paid for repayment of short-term loans		-	(1,116,109,440)	-	(1,116,109,440)
Cash paid for repayment of debentures		(11,537,920,000)	(10,955,290,000)	(11,487,920,000)	(10,955,290,000)
Cash paid for repayment of long-term loans		(17,925,554,448)	(13,854,951,591)	(17,925,554,448)	(13,854,951,591)
Cash paid for repayment of promissory notes		-	(750,000,000)	-	(750,000,000)
Cash paid for loan interest		(5,769,782,243)	(5,579,165,794)	(5,771,335,668)	(5,579,165,794)
Dividends paid		(2,747,722,522)	(423,308,755)	(2,747,722,522)	(423,308,755)
Dividends paid for non-controlling interests		(57,375,000)	(57,375,000)	-	-
Net Cash used in Financing Activities		(19,238,038,805)	3,979,466,012	(19,132,727,290)	4,035,820,942
Increase (decrease) in cash and cash equivalents		(21,101,257,997)	23,375,018,636	(21,059,136,503)	23,531,718,005
Effect from changing in exchange rate on cash and cash equivalents increase (decrease)		87,600,992	4,982,461	87,600,992	4,982,461
Cash and cash equivalents at the beginning of the periods		37,679,682,021	14,299,680,924	37,601,476,433	14,064,775,967
Cash and Cash Equivalents at the End of the Periods	C	16,666,025,016	37,679,682,021	16,629,940,922	37,601,476,433

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

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note to Statements of Cash Flows

A. Tax Refund - Consolidated and Separate Financial Statements

Unit : Million Baht

	<u>2011</u>
Proceeds from P.N.D.50 for the year 2009	201.92
Proceeds from P.N.D.50 for the year 2007	0.71
Adjustment of tax refund for the year 2010	<u>(9.65)</u>
	<u>192.98</u>
	<u>2010</u>
Adjustment of tax refund for the year 2009	<u>(6.46)</u>
	<u>(6.46)</u>

B. Property, Plant and Equipment

Consolidated financial statements

During the year 2011, the Company bought property, plant and equipment under finance leases amount of THB 4,002.12 million and cash payment amount of THB 12,336.02 million, total cost amount of THB 16,338.14 million.

During the year 2010, the Company bought property, plant and equipment under finance leases amount of THB 4,027.20 million and cash payment amount of THB 9,580.59 million, total cost amount of THB 13,607.79 million.

Separate financial statements

During the year 2011, the Company bought property, plant and equipment under finance leases amount of THB 4,001.63 million and cash payment amount of THB 12,332.72 million, total cost amount of THB 16,334.35 million.

During the year 2010, the Company bought property, plant and equipment under finance leases amount of THB 4,027.20 million and cash payment amount of THB 9,579.06 million, total cost amount of THB 13,606.26 million.

C. Cash and Cash Equivalents

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>Separated Financial Statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash on hand and outstanding bank balances	10,778.43	28,474.70	10,742.34	28,396.50
Short-term investments	<u>5,800.00</u>	<u>9,200.00</u>	<u>5,800.00</u>	<u>9,200.00</u>
Cash and cash equivalents as previously reported	16,578.43	37,674.70	16,542.34	37,596.50
Effect of exchange rate changes	87.60	4.98	87.60	4.98
Cash and cash equivalents as reported	<u>16,666.03</u>	<u>37,679.68</u>	<u>16,629.94</u>	<u>37,601.48</u>

(Signed) *Piyasvasti Amranand*
(Piyasvasti Amranand)
President

(Signed) *Wasukarn Visansawatdi*
(Wasukarn Visansawatdi)
Executive Vice President
Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. BASIS OF FINANCIAL STATEMENT PREPARATION

The consolidated and the separate 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 Profession 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).

Transactions in the financial statements are presented complying with the regulation announced by the Department of Business Development on September 28, 2011 according to the Accounting Act B.E. 2543 (2000).

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 subsidiaries as follows:

Company's Name	Type of Business	Located Country	Percentage of Share Holding	
			<u>2011</u>	<u>2010</u>
Held by the Company:				
- Thai-Amadeus Southeast Asia Company Limited	Information technology company for travel services	Thailand	55%	55%
- WingSpan Services Company Limited	Providing special personnel services to the Company	Thailand	49%	49%
- Thai Flight Training Company Limited	Aviation training services	Thailand	49%	-
Held by a subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	-

The subsidiaries are controlled by the Company, directly or indirectly, in determining the financial policies and operations of such subsidiaries. Significant accounting transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. Except on November 29, 2011 that the Company is holding 5 millions shares of Nok Airlines Company Limited, at THB 33 par value, totaling of THB 165 million, which is up from 39% to 49%. On December 22, 2011, Board of Directors of Nok Airlines Company Limited appointed Mr. Piyasvasti Amranand to be the Director of Nok Airlines Company Limited, which caused the Company to increase from 4 to 5 seats in the total numbers of Board of Directors. The Company Management considered that the Company has controlled Nok Airlines Company Limited for 8 days in 2011, which has no significant impact on the controlling. In addition, the

Share Holder Agreement has not been amended yet. As at December 31, 2011, net asset value of Nok Airlines Company Limited is THB 770.80 million.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

These financial statements are prepared by the historical cost basis except for the other disclosures in the accounting policies.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

2.1 During the year 2011, The Company follows the Federation of Accounting Professions (FAP) announced the revised Thai Accounting Standards and Thai Financial Reporting Standards as follows:

TAS	1	(revised 2009)	Presentation of Financial Statements
TAS	2	(revised 2009)	Inventories
TAS	7	(revised 2009)	Statement of Cash Flows
TAS	8	(revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS	10	(revised 2009)	Events After the Reporting Period
TAS	11	(revised 2009)	Construction Contracts
TAS	16	(revised 2009)	Property, Plant and Equipment
TAS	17	(revised 2009)	Leases
TAS	18	(revised 2009)	Revenue
TAS	19		Employee Benefits
TAS	23	(revised 2009)	Borrowing Costs
TAS	24	(revised 2009)	Related Party Disclosures
TAS	26		Accounting and Reporting by Retirement Benefit Plans
TAS	27	(revised 2009)	Consolidated and Separate Financial Statements
TAS	28	(revised 2009)	Investments in Associates
TAS	29		Financial Reporting in Hyperinflationary Economics
TAS	31	(revised 2009)	Interests in Joint Ventures
TAS	33	(revised 2009)	Earnings Per Share
TAS	34	(revised 2009)	Interim Financial Reporting
TAS	36	(revised 2009)	Impairment of Assets
TAS	37	(revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS	38	(revised 2009)	Intangible Assets
TAS	40	(revised 2009)	Investment Property
TFRS	2		Share-Based Payments
TFRS	3	(revised 2009)	Business Combinations
TFRS	5	(revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS	6		Exploration for and Evaluation of Mineral Resources
TFRIC	15		Agreements for the Construction of Real Estate
SIC	31		Revenue - Barter Transactions Involving Advertising Services

2.2 New Accounting Standards Issued During The Years But Not Yet Effective

The Federation of Accounting Professions (FAP) issued the following new/revised accounting standards that are effective for fiscal years beginning on or after January 1, 2013.

TAS	12	Income Taxes
TAS	20(revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS	21(revised 2009)	The Effects of Changes in Foreign Exchange Rates
SIC	10	Government Assistance – No Specific Relation to Operating Activities
SIC	21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC	25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders

The management of the Company has assessed that the above standards have no significant impact on the consolidated and the separate financial statements for the current year. The Company has early adopted the TAS 12.

3. CHANGES IN ACCOUNTING POLICIES

In order to comply with Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) which are effective on January 1, 2011, the Company has changed in the accounting policies as follows:

3.1 Presentation of Financial Statements

The Company has adopted TAS 1 (Revised 2009) Presentation of Financial Statements. Under the revised TAS 1, the Company's financial statements consist of statements of financial position, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and notes to financial statement.

Comparative statements have been restated in order to comply with the new revised standards.

3.2 Employee Benefits

The Company has adopted TAS 19 Employee Benefits. Under the Company's defined benefit plans concerning after retirement benefits and other long-term employee benefits are recognized in the financial statements based on calculations by a qualified actuary using the projected unit credit method. Previously, these obligations were recognized as occurred.

Actuarial gains and losses for the Company's defined benefit plans and other long-term employee benefits will be recognized in the income statement.

The Company has opted to record the entire amount of the employee benefits obligation as retrospective adjustment in the 2010 financial statements.

The changes in those accounting policies have effected only on the presentation of financial statements, but have no effect on profit or earnings per share, except for the employee benefits as stated in Note 4.

4. EFFECT OF THE FIRST TIME ADOPTION OF THAI ACCOUNTING STANDARDS (TAS) AND THAI FINANCIAL REPORTING STANDARDS (TFRS)

As the Company has adopted the newly issued and revised TAS, and TFRS, which are effective on January 1, 2011, the effects are as follows:

Statement of Financial Position as at December 31, 2010

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Retained earnings as at December 31, 2010 as reported previously	35,244.76	34,418.05
Increase in employee benefit obligation	(9,324.44)	(9,322.51)
Increase in deferred tax asset	<u>2,797.33</u>	<u>2,796.75</u>
Retained earnings as at January 1, 2011	<u>28,717.65</u>	<u>27,892.29</u>

Statement of Comprehensive Income for the year ended December 31, 2010

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Increase in expenses		
Increase in employee benefit expenses	866.10	865.39
Decrease in tax expenses - net	<u>(259.83)</u>	<u>(259.62)</u>
Decrease in profit	<u>606.27</u>	<u>605.77</u>
Decrease in earnings per share		
Basic earnings per share (THB)	0.33	0.33

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Allowance for Doubtful Accounts

Trade accounts receivable, not government agencies and state enterprises, are set an allowance for doubtful accounts by analysing a payment history and connection data together with aging analysis of each trade account receivable as a criteria at the following rates:

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

5.2 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

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at the lower of moving average cost or net realizable 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.

5.3 Investments

5.3.1 Investments in subsidiary and associated companies are recorded by the equity method in the consolidated financial statements but by cost method in the separate financial statements.

5.3.2 Current investments in debt securities held-to-1 year maturity are stated by the amortized cost method. A premium or discount on debt securities is amortized according to an effective interest rate. The amortized amount will be taken to adjust to an interest income.

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

5.4 Property, Plant and Equipment and Depreciation

5.4.1 Aircraft and aircraft under finance leases

5.4.1.1 Aircraft and aircraft under finance leases are stated at cost, including where applicable (engines and other flight equipment), as well as cost of decoration 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 residual value of 10% of cost. As for the aircraft and aircraft under finance leases, which the Company has taken the delivery since the fiscal year of 2006/07, and the depreciation of the existing aircraft having the same as those aircraft type are calculated on a straight-line basis over the estimated useful life of 15 years with a residual value of 10% of cost.

5.4.1.2 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.

5.4.1.3 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.

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5.4.2 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.

5.4.3 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.

5.4.4 Leasehold buildings are amortized as expense over a lease term of 10-30 years.

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

5.5 Non-Current Assets Classified as Held for Sale

Non-current assets classified as held for sale are stated at the lower of carrying amount or fair value less costs to sell.

Losses on impairment are recognized in an income statement. Gains or losses on sales of assets are recognized as other income or expense at sales.

5.6 Intangible Assets

Computer Software

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 recognized as an intangible asset and amortized as expenses on a straight-line basis over an useful life of 5 years.

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

5.7 Impairment of Assets

Assets may be impaired whenever there is an indicator that the book value of the asset exceeds its recoverable amount. A recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

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

5.8 Deferred Charges

5.8.1 Aircraft overhaul costs (D-check) for aircraft under operating lease are presented as deferred charges and amortized as expenses over an estimated useful life of 4-7

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years but not over the lease term.

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

5.9 Liabilities under Finance leases

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

5.10 Revenue Recognition

5.10.1 Passenger and excess baggage revenues:

5.10.1.1 Revenue from ticket sales and service orders is recognized 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 recognized as revenue.

5.10.1.2 Unused tickets and service orders are recognized as revenue after 2 years.

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

5.10.2 Freight revenue is recognized 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 recognized as revenue.

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

5.10.3 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 recognized when members redeem awards.

5.10.3.1 Unredeemed awards are recognized as revenue after 3 years.

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

5.10.3.3 The Company sells mileage to its members in order to encourage redemptions and recognizes the difference between the sale price and mileage cost as revenue.

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5.10.4 Revenues from business units, Aircraft Maintenance Services, Ground Customer Services, Ground Support Equipment Services, and Cargo and Mail Commercial Services are recognized when services are provided. Revenues from Catering Services are recognized at sales. As for revenues from supporting activities such as Sale on Board and Thai Shop are recognized at sales but revenues from Dispatch Services are recognized when services are provided.

5.10.5 Other revenues are recognized on an accrual basis.

5.11 Earnings Per Share

Basic earnings per share is calculated by dividing a profit or loss of owners of the parent by the weighted average number of ordinary shares outstanding during the period.

5.12 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht at exchange rates calculated from the average exchange rate of the Bank of Thailand and commercial banks in the month in which the transaction occurs. 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 translated into Baht by the closing rate at the average buying and average selling rates of commercial banks announced by the Bank of Thailand at that date. Gains or losses on currency exchange are recognized in an income statement.

5.13 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.

5.14 Deferred Tax

The Company’s income tax is calculated in accordance with the Revenue Code of Thailand.

The deferred tax asset is calculated from temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The

Company recognizes the deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized. At the end of each reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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The deferred income tax liability is calculated from temporary differences between the tax base of an intangible asset and its carrying amount.

5.15 Accounting Estimates

The Company and its subsidiaries have applied the accounting estimates 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.

The estimates and assumptions used in the presentation of financial statement are consistently reviewed. Revisions to accounting estimates are recognized in the periods of the reviews and affected future periods.

5.16 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 different will be recorded as interest expenses in an income statement. For the Forward Contracts, the Company will recognize 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 an income statement.

6. SUPPLEMENTARY INFORMATION

6.1 Cash and Cash Equivalents

	Unit : Million Baht			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash - Domestic	26.81	133.01	26.81	133.01
Cash – Abroad	26.29	18.59	26.29	18.59
Bank Deposits - Domestic	10,751.44	22,984.35	10,715.35	22,906.15
Bank Deposits - Abroad	<u>5,861.49</u>	<u>14,543.73</u>	<u>5,861.49</u>	<u>14,543.73</u>
Total	<u>16,666.03</u>	<u>37,679.68</u>	<u>16,629.94</u>	<u>37,601.48</u>

6.2 Trade Accounts Receivable

	Unit : Million Baht			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>

Period overdue				
Not over 6 months	16,635.00	17,008.81	16,609.98	16,980.24
Over 6 months to 1 year	48.32	89.86	48.31	89.85
Over 1 year to 2 years	61.77	91.53	61.75	91.61
Over 2 years	<u>1,548.05</u>	<u>1,456.66</u>	<u>1,519.32</u>	<u>1,427.82</u>
	18,293.14	18,646.86	18,239.36	18,589.52
<u>Less</u> Allowance for doubtful accounts	<u>(1,644.41)</u>	<u>(1,620.34)</u>	<u>(1,615.65)</u>	<u>(1,591.56)</u>
Trade accounts receivable - net	<u>16,648.73</u>	<u>17,026.52</u>	<u>16,623.71</u>	<u>16,997.96</u>

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6.3 Inventories and Supplies

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Aircraft spare parts	5,827.21	6,285.86	5,827.21	6,285.86
<u>Less</u> Provision for obsolescence (10% of the year-end balance)	(582.72)	(628.59)	(582.72)	(628.59)
<u>Less</u> Provision for spare part damages from flood disaster	(112.52)	-	(112.52)	-
Aircraft spare parts - Net	<u>5,131.97</u>	<u>5,657.27</u>	<u>5,131.97</u>	<u>5,657.27</u>
Vehicle spare parts and ground support equipments	<u>283.34</u>	<u>260.24</u>	<u>283.34</u>	<u>260.24</u>
Slow moving aircraft spare parts and spare parts for sale	2,624.45	1,301.49	2,624.45	1,301.49
<u>Less</u> Provision for obsolescence (33.33% of incurred balance during the period)	(1,431.03)	(1,292.18)	(1,431.03)	(1,292.18)
Slow moving aircraft spare parts and spare parts for sale - Net	<u>1,193.42</u>	<u>9.31</u>	<u>1,193.42</u>	<u>9.31</u>
Fuel and oil for aircraft	568.04	484.11	568.04	484.11
Goods for sales	210.09	191.07	210.09	191.07
Cabin supplies	164.78	201.99	164.78	201.99
Supplies and other consumables	19.38	20.91	19.38	20.91
Stationery and office supplies	85.74	93.81	85.74	93.81
Inventories and spare parts in transit	53.25	49.59	53.25	49.59
Total inventories and supplies	<u>1,101.28</u>	<u>1,040.85</u>	<u>1,101.28</u>	<u>1,040.85</u>
Obsolete and damaged inventories for disposal	11.31	23.33	11.31	23.33
<u>Less</u> Provision for obsolescence (100%)	(11.31)	(23.33)	(11.31)	(23.33)
Obsolete and damaged inventories for disposal - Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total inventories and supplies - Net	<u>7,701.01</u>	<u>6,967.67</u>	<u>7,701.01</u>	<u>6,967.67</u>
Total inventories and supplies at year-end	9,847.59	8,911.77	9,847.59	8,911.77
<u>Less</u> Total provision for obsolete inventories and supplies	(2,025.06)	(1,944.10)	(2,025.06)	(1,944.10)
<u>Less</u> Provision for spare part damages from flood disaster	(112.52)	-	(112.52)	-
Total inventories and supplies - Net	<u>7,710.01</u>	<u>6,967.67</u>	<u>7,710.01</u>	<u>6,967.67</u>

6.4 Other Current Assets

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010

Tax refund	324.33	265.59	324.33	265.59
Cash and bank deposits of pension fund	4,434.59	4,650.13	4,434.59	4,650.13
Others	<u>2,361.45</u>	<u>2,075.39</u>	<u>2,331.74</u>	<u>2,047.92</u>
Total	<u>7,120.37</u>	<u>6,991.11</u>	<u>7,090.60</u>	<u>6,963.64</u>

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6.5 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
	2011	2010	Cost method		Equity method		2011	2010
			2011	2010	2011	2010		
6.5.1 Investments in associated companies stated by equity method								
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2011 amount of THB 495.00 million and for the year 2010 amount of THB 562.50 million)	24	24	225.00	225.00	113.71	185.11	(71.40)	(63.03)
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	92.90	112.31	(19.40)	(12.57)
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2011 amount of THB 1,313.13 million and for the year 2010 amount of THB 1,232.50 million)	22.6	22.6	115.19	115.19	698.42	659.83	108.85	99.25
Phuket Air Catering Company Limited	30	30	30.00	30.00	144.53	108.95	46.07	29.45
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	114.80	100.07	14.73	(29.90)
Nok Airlines Company Limited	49	39	360.00	195.00	<u>465.61</u>	<u>234.72</u>	<u>104.89</u>	<u>234.72</u>
Total investments stated by equity method					<u>1,629.97</u>	<u>1,400.99</u>	<u>183.74</u>	<u>(257.92)</u>
6.5.2 Other long-term investments stated at cost method								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	2.3	2.5	15.36	16.58			-	-
SITA Investment Certificate	-	-	31.14	30.34			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
SITA Information Networking Computing	-	-	28.85	27.44			-	-
Other Shares	-	-	2.79	2.76			0.10	0.11
Bond Investment	-	-	99.15	-			-	-
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Ltd.			<u>(133.00)</u>	<u>(133.00)</u>			-	-
Total other long-term investments			<u>179.04</u>	<u>78.87</u>			<u>0.10</u>	<u>0.11</u>

The fair value of the investments in associated companies, listed companies, is calculated from the closed price in the Stock Exchange of Thailand.

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Separate Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost method			
	2011	2010	2011	2010	2011	2010
6.5.1 Investments stated by cost method						
Subsidiary Companies						
Thai-Amadeus Southeast Asia Company Limited	55	55	8.25	8.25	70.12	70.12
Wing Span Services Company Limited	49	49	0.98	0.98	-	-
Thai Flight Training Company Limited	49	-	<u>0.98</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total			<u>10.21</u>	<u>9.23</u>	<u>70.12</u>	<u>70.12</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Company Limited (Fair value for the year 2011 amount of THB 495.00 million and for the year 2010 amount of THB 562.50 million)	24	24	225.00	225.00	-	-
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	-	33.60
Bangkok Aviation Fuel Services Public Company Limited (fair value for the year 2011 amount of THB 1,313.13 million and as for the year amount of THB 1,232.50 million)	22.6	22.6	115.19	115.19	70.27	55.29
Phuket Air Catering Company Limited	30	30	30.00	30.00	10.50	9.00
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	-	-
Nok Airlines Company Limited	49	39	<u>360.00</u>	<u>195.00</u>	<u>39.00</u>	<u>-</u>
Total			<u>1,083.52</u>	<u>918.52</u>	<u>119.77</u>	<u>97.89</u>
Total investments using the cost method			<u>1,093.73</u>	<u>927.75</u>	<u>189.89</u>	<u>168.01</u>
6.5.2 Other long-term investments stated at cost method						
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00	-	-
Aeronautical Radio of Thailand Limited	2.3	2.5	15.36	16.58	-	-
SITA Investment Certificate	-	-	31.14	30.34	-	-
TRADESIAM Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75	-	-
SITA Information Networking Computing	-	-	28.85	27.44	-	-
Other Shares	-	-	2.79	2.76	0.10	0.11
<u>Less Allowance for impairment of</u>						

Fuel Pipeline Transportation Limited			<u>(133.00)</u>	<u>(133.00)</u>	<u>-</u>	<u>-</u>
Total other long-term investments			<u>79.89</u>	<u>78.87</u>	<u>0.10</u>	<u>0.11</u>

The fair value of the investments in associated companies, listed companies, is calculated from the closed price in the Stock Exchange of Thailand.

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6.5.3 Financial Data Summary of Subsidiaries and Associated Companies

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Companies</u>				
Thai-Amadeus Southeast Asia Company Limited	679.23	90.91	317.72	77.31
WingSpan Services Company Limited	35.97	28.69	67.61	4.89
Thai Flight Training Company Limited	10.03	6.94	12.16	1.11
<u>Associated Companies</u>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,344.82	871.02	684.11	(232.58)
Donmuang International Airport Hotel Company Limited	294.44	62.19	175.39	(43.11)
Bangkok Aviation Fuel Services Public Company Limited	6,170.74	3,079.04	1,875.56	417.84
Phuket Air Catering Company Limited	561.69	79.94	480.18	139.27
Suvarnabhumi Airport Hotel Company Limited	1,823.68	1,441.01	642.86	(62.57)
Nok Airlines Company Limited	1,987.12	1,216.32	6,075.73	190.08

The Company used the financial statements of associated companies as at December 31, 2011, unaudited by the certified public accountant, to record the investment by equity method in the consolidated financial statement and by cost method in the Company's financial statement.

6.6 Related Parties

6.6.1 Major Shareholders

6.6.1.1 Long-term loans from related parties

Unit : Million Baht		
	2011	2010
Foreign loans via the Ministry of Finance	1,273.28	1,211.85
Government Saving Bank	5,034.00	6,606.00
Islamic Bank of Thailand	<u>1,000.00</u>	<u>1,500.00</u>
Total	<u>7,307.28</u>	<u>9,317.85</u>

6.6.2 Subsidiary Companies

6.6.2.1 Bonds and Bond Investments

Unit : Million Baht

	2011	2010
Thai-Amadeus Southeast Asia Company Limited	<u>50.78</u>	<u>-</u>
Total	<u>50.78</u>	<u>-</u>

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6.6.2.2 Sales and Purchase

Unit : Million Baht

	2011		2010	
	Sales	Purchase	Sales	Purchase
Thai-Amadeus Southeast Asia Company Limited	3.04	-	2.99	-
WingSpan Services Company Limited	0.36	67.38	-	-
Thai Flight Training Company Limited	5.88	-	-	-

6.6.2.3 Account Receivables and Account Payables

Unit : Million Baht

	2011		2010	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Thai-Amadeus Southeast Asia Company Limited	0.32	-	0.27	-
WingSpan Services Company Limited	-	2.53	-	-
Thai Flight Training Company Limited	-	-	-	-

6.6.3 Associated Companies

6.6.3.1 Sales and Purchase

Unit : Million Baht

	2011		2010	
	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Company Limited	0.15	4.47	0.22	3.58
Donmuang International Airport Hotel Company Limited	-	0.41	-	0.90
Bangkok Aviation Fuel Services Public Company Limited	0.03	394.03	0.02	368.70
Phuket Air Catering Company Limited	3.36	11.01	2.99	12.11
Suvarnabhumi Airport Hotel Company Limited	0.02	28.39	-	30.95
Nok Airlines Company Limited	815.90	-	1,609.78	-

6.6.3.2 Account Receivables and Account Payables

Unit : Million Baht

	2011		2010	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.03	-	0.01
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	36.36	-	37.15
Phuket Air Catering Company Limited	0.88	3.20	0.26	2.93
Suvarnabhumi Airport Hotel Company Limited	-	0.45	-	3.35
Nok Airlines Company Limited	110.73	-	69.30	-

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

On June 21, 2011, The Strategy Steering Committee approved to waive the wages for the 4 employees who perform secondment duty at WingSpan Services Company Limited for 2 years since the year 2010-2012.

6.7 Property, Plant and Equipment

Consolidated Financial Statements

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under financial leases	Aircraft spare parts	Work In Progress	Land and buildings	Leasehold Buildings	Building Improvement	Other plant and equipment	Total
Cost										
As at January 1, 2011	17,982.74	141,437.22	163,441.09	27,718.15	310.68	3,463.10	10,782.61	4,656.38	29,321.66	399,113.63
- Adjust/Transfers	(1,980.43)	1,446.95	(3,352.62)	(207.37)	-	-	-	11.55	110.03	(3,971.89)
- Additions	5,276.67	1,847.25	6,137.92	3,517.35	2,527.53	-	19.08	59.65	512.43	19,897.88
- Disposals	-	(1,149.51)	(905.86)	(1,931.54)	-	(0.39)	(8.49)	(87.74)	(441.57)	(4,525.10)
As at December 31, 2011	21,278.98	143,581.91	165,320.53	29,096.59	2,838.21	3,462.71	10,793.20	4,639.84	29,502.55	410,514.52
Impairment Allowance	-	950.40	3,475.19	-	-	-	-	-	-	4,425.59
Accumulated depreciation										
As at January 1, 2011	-	91,898.70	44,345.32	18,124.77	-	2,199.03	4,875.09	3,840.54	23,286.05	188,569.50
- Depreciation	-	6,607.31	9,129.74	1,727.89	-	67.74	231.43	315.62	1,712.70	19,792.43
- Adjust/Transfers	-	(831.00)	(2,778.22)	(139.56)	-	-	-	(1.55)	1.54	(3,748.79)
- Disposals	-	(1,147.81)	(902.11)	(983.07)	-	(0.39)	(8.49)	(86.73)	(442.56)	(3,571.16)
Provision for flood damages	-	-	-	-	-	-	-	-	52.28	52.28
As at December 31, 2011	-	97,477.60	53,269.92	18,730.03	-	2,266.38	5,098.03	4,067.88	24,610.01	205,519.85
Net book value										
As at December 31, 2010	17,982.74	48,588.12	115,620.58	9,593.38	310.68	1,264.07	5,907.52	815.84	6,035.57	206,118.50
As at December 31, 2011	21,278.98	46,104.31	112,050.61	10,366.56	2,838.21	1,196.33	5,695.17	571.96	4,892.54	204,994.67

Separate Financial Statements

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under financial leases	Aircraft spare parts	Work In Progress	Land and buildings	Leasehold Buildings	Building Improvement	Other plant and equipment	Total
Cost										
As at January 1, 2011	17,982.74	141,437.22	163,441.09	27,718.15	310.68	3,463.10	10,782.61	4,656.38	29,108.04	398,900.01
- Adjust/Transfers	(1,980.43)	1,446.95	(3,352.62)	(207.37)	-	-	-	11.55	110.03	(3,971.89)
- Additions	5,276.67	1,847.25	6,137.92	3,517.35	2,527.53	-	19.08	59.65	508.69	19,894.14
- Disposals	-	(1,149.51)	(905.86)	(1,931.54)	-	(0.39)	(8.49)	(87.74)	(442.48)	(4,526.01)
As at December 31, 2011	21,278.98	143,581.91	165,320.53	29,096.59	2,838.21	3,462.71	10,793.20	4,639.84	29,284.28	410,296.25
Impairment Allowance	-	950.40	3,475.19	-	-	-	-	-	-	4,425.59
Accumulated depreciation										
As at January 1, 2011	-	91,898.70	44,345.32	18,124.77	-	2,199.03	4,875.09	3,840.54	23,084.86	188,368.31
- Depreciation	-	6,607.31	9,129.74	1,727.89	-	67.74	231.43	315.62	1,702.98	19,782.71
- Adjust/Transfers	-	(831.00)	(2,778.22)	(139.56)	-	-	-	(1.55)	1.54	(3,748.79)
- Disposals	-	(1,147.81)	(902.11)	(983.07)	-	(0.39)	(8.49)	(86.73)	(442.56)	(3,571.16)
Provision for flood damages	-	-	-	-	-	-	-	-	52.28	52.28
As at December 31, 2011	-	97,477.60	53,269.92	18,730.03	-	2,266.38	5,098.03	4,067.88	24,399.10	205,308.94
Net book value										
As at December 31, 2010	17,982.74	48,588.12	115,620.58	9,593.38	310.68	1,264.07	5,907.52	815.84	6,023.18	206,106.11
As at December 31, 2011	21,278.98	46,104.31	112,050.61	10,366.56	2,838.21	1,196.33	5,695.17	571.96	4,885.18	204,987.31

In this fiscal year, there are 97 aircraft represented in the Company's fleet consisting of 53 own aircraft, 32 aircraft under financial leases, and 12 aircraft under operating leases which excluded 2 aircraft for sales, with a carrying amount of THB 261.63 million.

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

The Company uses buildings and equipment that are now fully depreciated with historical cost of THB 64,073.76 million including the leasehold buildings amount of THB 3,925.04 million.

Leasehold buildings are leased from Airports of Thailand Public Company Limited at Suvarnabhumi with a lease term of 30 years starting from September 28, 2006 to September 29, 2036 and at Donmuang with a lease term of 3 years starting from September 27, 2009 to September 28, 2012. The title of buildings and elements will be passed to The Ministry of Finance at the end of the lease term.

The Company has provided a land located in Bangkok for security meanwhile the Company is now in the procedure of appealing against the judgement of the court of first instance who has made a decision that compelled the Company to provide compensation in the amount of THB 27.63 million with interest due to ceasing of wine purchase.

At present, the official appraisal value of the Company's domestic land is THB 3,965.58 million consisting of land in Bangkok amount of THB 3,728.64 million and land in provinces amount of THB 236.94 million.

Leased aircraft are aircraft under financial leases which the purchase contracts were made in USD currency but the finance leases were made in EUR, USD, and JPY currency.

6.8 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Cost		
As at January 1, 2011	1,502.79	1,495.74
- Additions	352.37	349.19
As at December 31, 2011	1,855.16	1,844.93
Accumulated amortisation		
As at January 1, 2011	950.43	948.12
- Amortisation	280.99	279.55
As at December 31, 2011	1,231.42	1,227.67
Net book value		
As at December 31, 2010	552.36	547.62
As at December 31, 2011	623.74	617.26

6.9 Deferred Tax Assets

Deferred tax assets arising from the temporary differences between the book values and tax bases of assets and liabilities in statement of financial position are as follows:

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Contribution to staff provident fund	85.75	143.39	85.75	143.39
Contribution to staff pension fund	475.91	677.53	475.91	677.53
Allowance for obsolete inventories	421.24	583.23	421.24	583.23
Allowance for doubtful accounts	371.79	542.05	365.17	533.42
Allowance for impairment in value of assets	849.56	1,341.82	849.56	1,341.82
Estimated accrual expenses	890.18	1,326.71	889.63	1,326.23
Loss on foreign currency exchange	77.03	134.11	77.03	134.11
Intangible assets	101.42	-	101.42	-
Employee benefits obligation	2,126.75	2,797.81	2,125.77	2,796.75
Others	<u>9.82</u>	<u>22.98</u>	<u>7.08</u>	<u>19.30</u>
Total	<u>5,409.45</u>	<u>7,569.63</u>	<u>5,398.56</u>	<u>7,555.78</u>

6.10 Deferred Tax Liabilities

	Unit : Million Baht			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Intangible assets	55.76	-	55.76	-

On December 21, 2011, a Royal Decree was issued which enacted the law for reducing the corporate income tax rates. Under this new law, the reduction in corporate income tax rates is on a temporary basis whereby the corporate income tax rate is to be reduced for the three years. The corporate income tax rate for 2012 is 23 percent, for 2013 and 2014 at 20 percent. Subsequently on January 13, 2012, the Federation of Accounting Professions issued the guideline regarding the reduction in corporate income rate in which the substantially enacted tax rate for using the measurement of the deferred tax assets and liabilities would be 23 percent for 2012 fiscal year and 20 percent for 2013 fiscal year onwards. As per the announcement of the Cabinet on October 11, 2011, the Company has reduced its deferred tax assets as at December 31, 2011 from 30 percent to 23 percent for 2012 fiscal year and 20 percent for 2013 fiscal year onwards. The effect of the reduction in corporate income tax rate on deferred tax assets and liabilities amount of THB 2,431.66 and 27.88 million, respectively, had been included in the statements of comprehensive income for the year 2011.

6.11 Other Non-Current Assets

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Deferred charges	2,030.72	1,918.80	2,030.72	1,918.80
Others	<u>283.45</u>	<u>342.23</u>	<u>282.17</u>	<u>341.85</u>
Total	<u>2,314.17</u>	<u>2,261.03</u>	<u>2,312.89</u>	<u>2,260.65</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 loans guarantee premiums for purchasing of aircraft are amortized as expenses over the period of due payment loans in each accounting period.

6.12 Long-Term Loans Consolidated and separate financial statements

Currency	Loan Currency		Baht Equivalent (Million)	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
USD	40,000,000	40,000,000	1,273.28	1,211.85
THB	55,334,000,000	51,406,000,000	<u>55,334.00</u>	<u>51,406.00</u>
Total long-term loans			56,607.28	52,617.85
<u>Less</u> Current portion of long-term loans			<u>4,100.00</u>	<u>2,072.00</u>
Net long-term loans			<u>52,507.28</u>	<u>50,545.85</u>

At the year-end, long-term loans of the Company consisted of the foreign loans borrowed via the Ministry of Finance amount of THB 1,273.28 million, the outstanding balance for acquisition of two aircraft and loans from the commercial banks, Islamic Bank of Thailand and Government Saving Bank amount of THB 55,334.00 million. The total of long-term loans amounted to THB 56,607.28 million. As at December 31, 2011, such long-term loans have been transferred to be a current portion of long-term loans amount of THB 4,100.00 million, remained the balance of long-term loans amount of THB 52,507.28 million.

6.13 Liabilities under Finance leases Consolidated and separate financial statements

Currency	Loan Currency		Baht Equivalent (Million)	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
JPY	27,402,854,792	36,785,991,071	11,301.10	13,765.98
USD	-	25,249,036	-	764.95
EUR	1,127,114,550	1,237,283,018	<u>46,594.58</u>	<u>49,796.18</u>
Total liabilities under finance leases			57,895.68	64,327.11
<u>Less</u> Current portion of finance leases			<u>10,102.50</u>	<u>9,595.02</u>
Net liabilities under finance leases			<u>47,793.18</u>	<u>54,732.09</u>

The Company has exercised purchase options at the end of term finance leases of aircraft, presented the value regarding to the accounting policy described in Note 3.9, with 8 foreign financial institutions. For the fiscal year 2011, the outstanding balance of obligations under finance leases for 31 aircraft is THB 63,640.29 million with maturities ranging from 2010 to 2023. After deducting interest expenses due amount of THB 5,744.61 million, the principal balance of obligations under the Company's finance leases is THB 57,895.68 million. As at December 31, 2011, the amount of THB 10,102.50 million has been transferred to a current portion of financial lease, leaving the balance of long-term liabilities under finance lease amount of THB 47,793.18 million.

6.14 Debentures

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 had 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, totaling to THB 40 billion which had already been transferred to the Company's account. On May 12 and October 8, 2008, October 20, 2009, October 8, 2010, May 12, 2011, as well as October 20, 2011, the Company redeemed the due debentures amount of THB 6,000 million, 5,500 million, 7,500 million, 4,500 million, 6,000 million and 4,500 million, respectively.

According to the Resolution of the 2005 Annual General Shareholders' Meeting held on December 23, 2005 approved the Company to issue its debentures within the amount of THB 60 billion. On November 22, 2007, the Company had issued the debentures No.1/2550 for an aggregate of THB 7,500 million which were offered in 2 tranches. The first tranche amount of THB 3,000 million and the second tranche amount of THB 4,500 million had already been transferred to the Company's account, totaling THB 7,500 million. In addition, the Company redeemed the due debentures amount of THB 3,000 million on November 22, 2010. The Company had issued the debentures No. 1/2551 for an aggregate of THB 7,000 million on October 2, 2008. Such debentures were offered in 3 tranches. The first tranche amount of THB 3,455.29 million, the second tranche amount of THB 987.92 million and the third tranche amount of THB 2,556.79 million, totaling to THB 7,000 million, had already been transferred to the Company's account. On April 2, 2010 and October 2, 2011, the Company redeemed the due debentures amount of THB 3,455.29 million and THB 987.92 million. On January 20, 2009, the Company had issued the debentures No. 1/2552 for an aggregate of THB 4,790 million issuing in 4 tranches, the first tranche amount of THB 170 million, the second tranche amount of THB 720 million, the third tranche amount of THB 300 million and the fourth tranche amount of THB 3,600 million. The amount of the debentures No. 1/2552 had already been transferred to the Company's account amount of THB 4,790 million.

According to the Resolution of the 2010 Annual General Shareholders' Meeting held on April 28, 2010 approved the Company to issue its debentures within the amount of THB 40 billion. On May 13, 2011, the Company had issued the debentures No.1/2554 for an aggregate of THB 8,000 million which were offered in 5 tranches. The first tranche amount of THB 1,555 million, the second tranche amount of THB 833 million, the third tranche amount of THB 2,000 million, the fourth tranche amount of THB 1,445 million, and the fifth tranche amount of THB 2,167 million had already been transferred to the Company's account, totaling to THB 8,000 million. On December 28, 2011, the Company had issued the debentures No.2/2554 for an aggregate of THB 2,000 million which had already been transferred to the Company's account.

As at December 31, 2011, the balance of debentures was THB 27,846.79 million which the amount of THB 4,670.00 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 23,176.79 million. The details are as follows:

	Tenor (Year)		Interest Rate Pay every 6 months (%)	Amount (MTHB)	Redemption date
<u>The second</u>	10		5.80	<u>3,000.00</u>	October 20, 2014
<u>The third</u>	10		5.19	<u>3,000.00</u>	May 12, 2015
<u>No. 1/2550</u>	5		5.04	<u>4,500.00</u>	November 22, 2012
<u>No. 1/2551</u>	5		5.50	<u>2,556.79</u>	October 2, 2013
<u>No. 1/2552</u>	3		5.30	170.00	January 20, 2012
	5		5.45	720.00	January 20, 2014
	7		5.60	300.00	January 20, 2016
	10		6.00	<u>3,600.00</u>	January 20, 2019
				<u>4,790.00</u>	
<u>No. 1/2554</u>	7	Year 1-3	4.00	1,500.00	May 13, 2018
		Year 4-6	4.50		
		Year 7	5.25		
	10	Year 1-4	4.25	833.00	May 13, 2021
		Year 5-8	4.75		
		Year 9-10	5.35		
	5		3.91	2,000.00	May 13, 2016
	7		4.36	1,445.00	May 13, 2018
	10		4.62	<u>2,167.00</u>	May 13, 2021
				<u>8,000.00</u>	
<u>No. 2/2554</u>	5		4.30	<u>2,000.00</u>	December 28, 2016
The balance as at December 31, 2011				<u>27,846.79</u>	

The Company has registered these debentures with the Thai Bond Market Association (Thai BMA) in the bond electronic exchange of the Stock Exchange of Thailand except for the issuing of debentures No. 1/2552 which were offered to specific investors (not more than 10 investors).

6.15 Other Current Liabilities - Others

	Consolidated		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Financial Statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Airport fees	2,169.24	2,258.59	2,169.24	2,258.59
Deferred revenue	2.51	2.54	2.23	2.41
Taxes payable	698.82	783.74	697.04	782.01
Fringe benefits-field office staff	658.06	574.54	658.06	574.54
Other accounts payable	<u>2,125.22</u>	<u>2,222.58</u>	<u>2,103.03</u>	<u>2,202.22</u>
Total	<u>5,653.85</u>	<u>5,841.99</u>	<u>5,629.60</u>	<u>5,819.77</u>

6.16 Long-Term Provision Separate financial statements

Changes in present value of long-term provision

	Unit : Million Baht	
	<u>2011</u>	<u>2010</u>
Long-term provision beginning balance	2,555.35	3,880.34
Long-term provision for the period	<u>(1,031.13)</u>	<u>(1,324.99)</u>
Long-term provision ending balance	<u>1,524.22</u>	<u>2,555.35</u>

Long-term provision as at December 31, 2011 consisted of:

6.16.1 The Court of First Instance has sentenced the Company to pay compensatory damages claimed by the employees in the amount of THB 19.85 million. At present, the Company has appealed the case to the Court of Appeal.

6.16.2 The Court of First Instance has sentenced the Company to pay compensatory damages for the cancellation the purchase of wines claimed by Ming Yeng International Co., Ltd. in the amount of THB 27.63 million, which is now under the consideration of the Court of Appeal.

6.16.3 In the year 2009, the case where the courts awarded the Company to pay its liabilities amount of THB 2.09 million, which is now under the consideration of the Supreme Court.

6.16.4 The Court of First Instance has ordered the Company to compensate employees in the amount of THB 3.22 million. The case is currently under the consideration of the Supreme Court.

6.16.5 The Court of First Instance has rendered a judgment that the Company shall pay damages to other companies totaling THB 1.03 million. The case is currently under the Court of Appeal's consideration.

6.16.6 The Department of Civil Dispute Settlement and Arbitration has rendered a decision that the Company shall pay half of the damages totaling THB 5.47 million to the Royal Thai Police.

6.16.7 In the fiscal year 2008, the Company had estimated damages and fines with respect to Antitrust laws allegation and criminal investigation pending against the Company in the amount of THB 4,290.17 million. As at December 31, 2008, the Company transferred the amount of THB 458.20 million to be a short-term provision and remained the amount of THB 3,831.97 million as a long-term provision. In the fiscal year 2010, the Company had decreased the total amount of the said short-term provision and decreased such long-term provision totaling to THB 1,783.19 million, and remained the amount of THB 2,506.98 million as the long-term provision as at December 31, 2010. In the fiscal year 2011, the Company had decreased an amount of the reserve with respect to the said damages and fines for THB 1,042.05 million which included the loss on currency exchange resulting from the adjustment of the reserve at the year-

end amount of THB 78.58 million, leaving the amount as long-term provision amount of THB 1,464.93 million as at December 31, 2011.

According to the Board of Directors Meeting No. 10/2554 held on August 19, 2011, the meeting has resolved as follows:

1. To apply the local currency of each foreign country which the Company has the obligation to pay for the damages and fines reserve instead of applying the Thai currency.
2. To decrease an amount of said damages and fines reserve of the antitrust case in the United States of America and the fines reserve in the Republic of Korea since the Company has already made a payment for the fine totaling an amount of KRW 2,877 million or approximately THB 77.45 million according to the Korea Fair Trade Commission (KFTC) official decision.

Correspondingly, the Company's Department of Legal Affairs and Business Administration has modified the estimation guidelines as follows:

1. The above adjustment of damages and fines is based on the status of the cases which have become more apparent as to the direction of the trial and is considered from the opportunities that the Company may be alleged by the authorities of each country which conducts the investigation and from the calculation of the lowest fine rates that may be used in case the courts rule or sentence that the Company has committed guiltiness as alleged or claimed. In addition, the damages and fines are adjusted to be in compliance with the current currency exchange
2. The above estimated damages and fine amounts are estimated from fines rate in respect of the investigations made by the competent authorities in the aforesaid countries including the initial estimate of the compensation in the Civil Class Actions cases in the United States of America, though the disputed amount of claims has not yet been set in the complaint and the plaintiffs still have to prove the damages.
3. The sentence or decision on the cases might be given separately in the next forth coming different fiscal years.
4. The above provision may be substantially deviate from the truth due to:
 - 4.1 In the countries where investigations are initiated and no allegation is filed yet, there is no clear fact as to whether an allegation will be filed against the Company. And if such an allegation is filed against the Company, in which locations that such allegation may cover. The turnover amount of such locations which shall be based for calculation of fine or damages is therefore unaware.
 - 4.2 The determination of fines and damages is dependent on the discretion of the deciding body. Other facts of the cases may require to be considered by such deciding body.
 - 4.3 Before the decision is made, there may be a compromise or settlement of fines or damages amount, depending on the policy of each country and the case aspects.

6.17 Employee Benefits Obligation Separate financial statements

Employee benefits obligations are classified into 5 projects as follows:

6.17.1 Legal Severance Payments are paid to the retired employees who work with the Company from 5 to less than 15 years, receiving 180 days of the latest salary rate. For the retired employees who work with the Company from 15 years onwards will receive for 300 days of the latest salary rate.

6.17.2 Post-Retirement Medical Benefits are provided to the retired and early retired employees together with their spouses and unmarried children less than 20 years of age with no expenses at all medical centers of the Company.

6.17.3 Encashment of Unutilized Holiday Leaves is paid to the employees who have outstanding holiday leaves, which can be accumulated not more than 3 years.

6.17.4 Long Service Awards (Pin/Ring) will be rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

6.17.5 Long Service Awards (Air ticket) is provided to the employees who have been working with the Company for 15 years will get rewards for 1 free confirmed ticket on the Company's routes, and every next 5 years from the latest reward if continue working with the Company. The employees can accumulate and use these awards whenever they desire.

Principal actuarial assumptions :

Discount rate	4.2%
Price inflation	3.5%
Average salary increase rates	
Domestic staff	3.0% – 7.0%
Oversea staff	5.0%
Staff turnover rate	
Domestic staff	0.0% - 1.5%
Oversea staff	0.0% - 9.0%
Medical cost inflation	6.0%
Mortality rate	TM097 (Thai mortality tables year 1997)

Changes in Present Value of the Employee Benefits Obligation

	Consolidated		Unit : Million Baht	
	<u>Financial Statements</u>		<u>Separate</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Beginning Balance – Employee Benefits Obligation	9,326.02	10,499.58	9,322.51	10,496.78
Current service cost	487.80	467.95	486.99	467.36
Interest cost	384.95	398.15	384.80	398.03
Benefits paid during the year	(469.45)	(2,039.66)	(469.45)	(2,039.66)
Actuarial loss	902.30	-	902.30	-
Ending Balance – Employee Benefits Obligation	<u>10,631.62</u>	<u>9,326.02</u>	<u>10,627.15</u>	<u>9,322.51</u>

6.18 Dividend Paid Separate financial statements

The resolution of the 2011 Annual General Shareholders' Meeting held on April 27, 2011 approved a dividend payment from the Company's operation for the year 2010 to the shareholders representing 2,182.77 million shares at THB 1.25 per share, totaling to THB 2,728.46 million. The Company paid the dividend amount of THB 2,727.67 million because there are 631,318 nominee shares having no rights to receive the dividend amount of THB 0.79 million.

6.19 Share Capital

On April 28, 2010, the Annual General Shareholders' Meeting 2010 approved the Company to decrease its registered share capital by canceling the 1.10 million unoffered registered shares, totaling to THB 10.99 million and to increase capital by issuing and offering 1,000 million new ordinary shares to the public and the Ministry of Finance at one price. Still, the Ministry of Finance is the major shareholder holding at 51.03% of the total paid-up ordinary shares.

On June 3, 2010, the Company has registered 1,000 million additional ordinary shares at par value of THB 10 each, totaling to 2,698.90 million authorized ordinary shares or amount of THB 26,989.01 million.

On September 16 and 17, 2010, the Company has already offered such increased ordinary shares to the public amount of 483.87 million shares at the following share allotment; the Ministry of Finance 246.93 million shares, existing shareholders (excluded the Ministry of Finance) 221.83 million shares, and retail investors 15.11 million shares. The Company already received the amount of money for ordinary shares issuance on September 24, 2010.

As at December 31, 2011 and 2010, the Company has authorized ordinary shares amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.01 million, issued and paid-up ordinary shares amount of THB 21,827.72 million.

6.20 Legal Reserve

As at December 31, 2011, the Company's legal reserve balance was THB 2,469.79 million.

6.21 Employee Benefits Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Personnel expenses	29,584.81	33,584.91	29,542.36	33,546.30
Employee benefits expenses	1,305.60	866.10	1,304.64	865.39
Executive benefits expenses	88.85	57.86	88.76	57.86
Board of directors benefits expenses	29.83	15.98	28.26	14.50
Total	31,009.09	34,524.85	30,964.02	34,484.05

Managements refer to the Company's Board of directors, chief executives, persons in the next four executive levels below the chief executives, and in similar position, including accounting or finance department managers or above according to the regulation of the Stock Exchange of Thailand.

Moreover, the directors of the Company obtain the ticket benefits. For the year 2011 and 2010, they issued the tickets for themselves and their related parties amount of 220 and 179 tickets with the value of THB 23.49 million and THB 24.37 million, respectively, calculating from the full fare tickets in those traveling classes.

6.22 Other Income - Others

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Gains on sales of assets	9.96	93.91	9.96	93.91
Dividends from associated and subsidiary companies	-	-	189.89	168.01
Revenue from other services of Aircraft Maintenance Department	393.57	281.73	393.57	281.73
Revenue from airport fees collected from passengers	793.65	1,068.79	793.65	1,068.79
Compensation revenue from the delay delivery of aircraft	509.42	1,460.95	509.42	1,460.95
Insurance compensation from the flood disaster	175.00	-	175.00	-
Others	752.43	591.29	753.72	592.73
Total	2,634.03	3,496.67	2,825.21	3,666.12

6.23 Other Expenses

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Rentals and utilities	2,708.79	2,728.73	2,708.79	2,728.73
Office supplies	224.41	230.38	224.41	230.38
Repair of building and equipment	575.29	511.54	575.29	511.54
Outsource services	997.40	926.21	997.40	926.21
Consultant and service fees	546.51	524.59	546.51	524.59
Legal fee for Antitrust/ Competition Law	(826.32)	(1,596.91)	(826.32)	(1,596.91)
Computer service expenses	393.41	404.92	393.41	404.92
Travelling and transportation expenses	656.24	577.54	656.24	577.54
Concession fees	350.93	276.29	350.93	276.29
Passenger claim expenses	186.62	279.54	186.62	279.54
Damages from flood disaster	175.00	-	175.00	-
Others	1,160.62	1,193.29	1,091.56	1,128.15
Total	7,148.90	6,056.12	7,079.84	5,990.98

Legal fee for Antitrust/Competition Law is a contingent liability that the Company has to set the reserve for damages and fines with respect to Antitrust laws allegation. In the fiscal year 2011, the Company has decreased the provision for such damages and fines (according to Note 6.16.7.)

6.24 Impairment Loss of Aircraft

According to the Company's Board of Directors Resolution, 2 A300-600 own aircraft have been phased out from the fleet. They are under the selling process. When comparing the net book value with the fair value after deducting the selling cost, it appears that the fair value after deducting the selling cost is lower than the net book value. Therefore, the Company recognized the impairment loss of such aircraft amount of THB 180.91 million

6.25 Net Tax Expense

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Tax expense from taxable profit for the period	41.25	1,166.17	-	1,117.12
<u>Less:</u> tax adjustment of the previous year	(12.16)	-	(12.16)	-
<u>Add:</u> effect of tax rate change on deferred income tax	2,407.09	-	2,403.78	-
<u>Add(less):</u> deferred tax asset/ liability from temporary difference increase/ decrease	(191.14)	699.16	(190.79)	(699.85)
Net tax expense	2,245.04	1,865.33	2,200.83	1,816.97

6.26 Investment Promotion

The Company received the investment promotion certificates for air transportation operation of aircraft, consisting of passenger and cargo transportation activities, according to the investment promotion certificates No.1214(2)/2552, 1874(2)/2552 and 1446(2)/2554 received on March 13, 2009, November 19, 2009 and April 21, 2011, respectively. Under the condition, the Company will give a privilege for exemption from corporate income tax for the net profit, which operated by such aircraft starting from the date of first revenues derived from the promoted activities, up to 8 years.

Revenues from sales or revenues from services classified to the promoted and non-promoted activities for the year ended December 31, 2011 and 2010 are as follows:

Text	Unit : Million Baht	
	Separate Financial Statements	
	2011	2010
Revenues from sales and services		
Promoted activities	16,929.74	6,559.07
Non-promoted activities	173,762.18	173,714.27
Total revenues from sales and services	190,691.92	180,273.34

6.27 Earnings(Loss) Per Share

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

Unit : Million Baht/Million Shares

	Consolidated Financial Statements		Separate Financial Statements	
	2011	2010	2011	2010
Profits (losses) attributable to owners of the parent	(10,196.97)	14,743.65	(10,238.47)	14,790.08
Number of ordinary shares in issued as at January 1	2,182.77	1,698.90	2,182.77	1,698.90
An effect from issued share capital on September 24, 2010	-	131.24	-	131.24
Number of weighted average ordinary shares	2,182.77	1,830.14	2,182.77	1,830.14
Basic earnings (loss) per share (THB)	(4.67)	8.06	(4.69)	8.08

6.28 Financial Information by Segment Consolidated financial statements

6.28.1 Business segments

Statements of Income For the years ended December 31, 2011 and 2010

Unit : Million Baht

	Revenues		Inter - Segment Revenues		Total Revenues		Segment Results	
	2011	2010	2011	2010	2011	2010	2011	2010
Air transportation	182,738.04	173,092.16	-	-	182,738.04	173,092.16	(2,660.87)	11,848.09
Business Units	6,222.70	5,700.00	10,112.43	9,607.10	16,335.13	15,307.10	1,853.62	(631.33)
Other activities	2,036.45	1,796.52	5,205.91	5,450.29	7,242.36	7,246.81	(869.66)	(1,542.86)
Eliminations	-	-	(15,318.34)	(15,057.39)	(15,318.34)	(15,057.39)	-	-
Operating profits (losses)							(1,676.91)	9,673.90
Loss on debentures redemption							(1.43)	-
Share of profits of associates							183.74	257.92
Finance costs - net							(4,944.99)	(4,980.69)
Gains (losses) on foreign currency exchange							(2,428.18)	9,106.26
Other income - net							950.70	2,599.62
Non-controlling interests							(34.86)	(48.03)
Net tax expenses							(2,245.04)	(1,865.33)
Net profits (losses) – attributable to owners of the parent							(10,196.97)	14,743.65

Assets and Liabilities
As at December 31, 2011 and 2010

Unit : Million Baht

	<u>Current Assets</u>		<u>Non-Current Assets</u>		<u>Total Assets</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Air transportation	55,674.27	74,657.06	206,076.42	208,285.40	261,750.69	282,942.46
Business Units	599.48	517.25	6,544.93	7,215.99	7,144.41	7,733.24
Other activities	709.31	1,033.26	2,529.69	2,479.98	3,239.00	3,513.24
Non-allocated assets	<u>2,310.60</u>	<u>2,368.87</u>	<u>-</u>	<u>-</u>	<u>2,310.60</u>	<u>2,368.87</u>
Total	<u>59,293.66</u>	<u>78,576.44</u>	<u>215,151.04</u>	<u>217,981.37</u>	<u>274,444.70</u>	<u>296,557.81</u>

Unit : Million Baht

	<u>Current Liabilities</u>		<u>Non-Current Liabilities</u>		<u>Total Liabilities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Air transportation	69,466.92	79,101.24	140,302.56	139,391.34	209,769.48	218,492.58
Business Units	645.19	1,077.15	14.59	26.73	659.78	1,103.88
Other activities	195.98	224.02	16.99	22.10	212.97	246.12
Non-allocated liabilities	<u>367.26</u>	<u>333.29</u>	<u>-</u>	<u>-</u>	<u>367.26</u>	<u>333.29</u>
Total	<u>70,675.35</u>	<u>80,735.70</u>	<u>140,334.14</u>	<u>139,440.17</u>	<u>211,009.49</u>	<u>220,175.87</u>

Segment results derive from segment revenues net of segment costs and operating 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 customers net of discount. As for the Technical Department, the inter-segment revenue transfers is recorded at cost plus. Those transfers are eliminated in consolidation.

6.28.2 Geographical Segments

	Unit : Million Baht	
	<u>2011</u>	<u>2010</u>
Domestic Revenues		
Transportation	14,278.28	12,843.85
Business units	6,222.70	5,700.00
Other activities	<u>2,036.45</u>	<u>1,796.52</u>
Total domestic revenues	<u>22,537.43</u>	<u>20,340.37</u>
Foreign Transportation Revenues		
Regional Asia	68,279.53	63,467.62
Europe	41,940.20	42,493.38
North Pacific	3,539.77	3,612.94
Australia & New Zealand	17,211.46	14,767.63
Africa	<u>1,154.62</u>	<u>726.90</u>
Total foreign transportation revenues	<u>132,125.58</u>	<u>125,068.47</u>
Charter revenues and others	10,506.08	9,161.77
Insurance surcharge from passengers	1,669.66	1,925.32
Fuel surcharge from passengers	24,158.44	24,092.75
Interest income	710.59	185.03
Other income	<u>2,634.03</u>	<u>3,496.67</u>
Total	<u>194,341.81</u>	<u>184,270.38</u>

6.29 Staff Pension Fund Consolidated and Separate Financial Statements

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 statements of financial position. Interest and expenses arising from fund operations are recognized as income and expenses of the Company. The details are as follows:

	Unit : Million Baht	
	<u>2011</u>	<u>2010</u>
Current assets	4,511.18	4,761.11
Others	<u>65.92</u>	<u>31.37</u>
Total	<u>4,577.10</u>	<u>4,792.48</u>
Other current liabilities	15.89	421.34
Pension fund	<u>4,561.21</u>	<u>4,371.14</u>
Total	<u>4,577.10</u>	<u>4,792.48</u>

As at December 31, 2011, the fund balance was THB 4,561.21 million, equal to the Company's obligation to its staff under the fund. The total Company's contribution to the fund in this accounting periods was THB 333.35 million, consisting of the contributions at a rate equivalent to 10% of employee salaries in the amount of THB 219.32 million and the amounts to match the Company's obligation of THB 114.03 million.

6.30 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 1,156.87 million for this period.

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

6.31 Contingent Liabilities

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

	Unit : Million Baht	
	<u>2011</u>	<u>2010</u>
Letters of guarantee issued by banks - Domestic	30.96	132.48
Letters of guarantee issued by banks - Abroad	397.19	203.63
The Company as defendant in		
Labor dispute cases	1,343.33	1,751.71
Damage claims cases	<u>2,597.98</u>	<u>2,308.62</u>
Total	<u>4,369.46</u>	<u>4,396.44</u>

6.31.2 The Company is a defendant in violation of the Sherman Antitrust and other cases that the Company has been prosecuted, alleged and criminally investigated as the following:

1. The Company has the competition law allegation pending against it. A group of 35 cargo shippers have brought an action against the Company to 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 Act or Antitrust Law of the United States of America and Europe Union laws causing damages to them. They sought the court's order for compensation by the Company and other airlines. At present, the class plaintiff and the Company has subsequently entered into a settlement of USD 3,500,000 or approximately THB 109.03 million (Exchange rate: 31.1500 THB per 1 USD) The court has rendered a judgment in accordance with the settlement. However, there are some plaintiffs who opt out of the settlement and they are entitled to bring their own lawsuits against the Company.

2. A total of 19 lawsuits were brought against 12 airlines including the Company. Two lawsuits were filed at the Superior Court of Los Angeles while other 17 lawsuits were filed at the San Francisco County Superior Court. The airlines were accused of violating the Antitrust Act by committing price fixing conspiracy in respect of Trans-Pacific Carriers. Presently, 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, however, the amount of the compensatory damages has not yet been determined. The case is currently undergoing the court procedures.

3. The Company received the Statement of Objections from the Commission of the European Communities alleging that the Company and other 27 airlines infringed the EC Treaty by coordinating pricing behavior in the provision of air freight services with respect to the fuel surcharge, the security surcharge, the war risk surcharge, freight rates and the payment of commission to forwarders on surcharges causing damages to air freight shippers. However, the Commission of the European Communities later dropped charges against the Company on November 9, 2010. A penalty has therefore never been imposed on the Company.

4. As for the case involving the New Zealand Commerce Commission (NZCC) filing a lawsuit against the Company and other 13 airlines at the Auckland High Court and alleging that the Company, jointly with other airlines, fixed the fuel surcharge and security surcharge, constituting a violation against the Commerce Act of New Zealand, the NZCC requested the court to fine the Company according to the law. However, these fines remained unspecified at the time of filing the lawsuit and were, thus, left for the court to decide afterwards. At present, the case is currently undergoing the court procedures.

5. Regarding an examination by the United States' Department of Justice (DOJ), summons for documents were sent to the Company during the ongoing investigation. Correspondingly, the company has already hired a local attorney to correspond with the DOJ. However, it is still uncertain as to whether an allegation is being sought.

6. With respect to the investigation by the Australian Competition and Consumer Commission (ACCC), on October 28, 2009 the ACCC has subsequently filed a lawsuit against the Company for violating Trade Practices Act 1974. Yet, the amount of fines has not yet been specified by the ACCC. At the moment, the case is currently under the discovery process so as to seek evidences for each party. After that, the case will undergo the court procedures.

7. On the subject of an investigation by the Korean Fair Trade Commission (KFTC), the Company received an official decision of the KFTC on November 30, 2010 which imposed a fine totaling to KRW 2,877 million or approximately THB 77.45 million (Exchange Rate: 1 Won = 0.026921 Baht) but dropped the criminal charges against the Company and the relevant staff. The Company has already appealed the KFTC Commissioners' decision to the competent court, which is now under the consideration of the Court of Appeal.

The Company has set the reserve for the contingent liabilities, the damages and fines, amount of THB 1,464.93 million (according to Note 6.16.7).

6.31.3 A lawsuit of CEAT case with respect to the use of website in America continent has been files against the Company. At present, the case is dropped since the plaintiff withdraws the case.

6.32 Disclosure of Financial Instruments Separate financial statements

6.32.1 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 at present and in the future.

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

2011

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
		USD	7.07	-	-	-	-	
JPY	1.63	3,759.07	5,169.06	2,372.97	-	-	-	11,301.10
EUR	2.45	5,073.29	20,067.93	13,666.51	1,270.14	5,367.38	1,149.33	46,594.58
THB	4.75	3,775.00	35,169.79	11,389.21	4,995.00	18,251.79	9,600.00	83,180.79
Total		12,607.36	60,406.78	27,428.69	6,265.14	24,892.45	10,749.33	142,349.75

Unit : Million Baht

2010

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
		USD	4.46	764.95	-	-	-	
JPY	1.28	3,511.34	7,753.22	2,501.42	-	-	-	13,765.98
EUR	1.88	4,108.32	17,822.12	19,074.41	1,210.42	5,112.87	2,468.05	49,796.19
THB	3.88	2,072.00	31,122.53	13,211.47	11,487.92	18,946.79	3,900.00	80,740.71
Total		10,456.61	56,697.87	34,787.30	12,698.34	25,271.51	6,368.05	146,279.68

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, 2011, the portion of the Company's debt after swap with floating to fixed interest rate is 53 : 47.

At the moment, the Company has the total of 11 IRS transactions, swapping debt with floating interest rate to fixed interest rate. Two of these transactions are in JPY currency, the remaining nine transactions in EUR. As at December 31, 2011, IRS transactions' total notional amount was THB 20,657.93 million of which interest exchange payments are done quarterly. The two transactions in JPY currency will expire in 2013. The five transactions in EUR currency will expire in 2017 and the other four transactions in EUR currency will expire in 2018.

6.32.2 Foreign Currency Exchange Rate Risk

The Company generates revenues in THB and more than 40 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in 4 major currencies : EUR, THB, JPY and USD 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 this risk by increasing the matching of currency between the revenues and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. 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, 2011, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : THB is 1 : 33 : 11 : 55. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable currency exchange rate movement to hedge the future obligation that has underlying exposures.

At present, the Company has four CCS transactions, swapping debt in THB currency with floating interest rate to JPY currency with fixed interest rate. As at December 31, 2011, the four CCS transactions' total notional amount was JPY 10,617.44 million or equivalent to THB 4,378.70 million of which exchange payments, both principal and interest, are done quarterly. The two CCS transactions will expire in 2015 and the other two transactions will expire in 2017.

Unit : Million Baht

<u>Currency</u>	<u>Foreign Currency Liabilities</u>					
	<u>2011</u>			<u>2010</u>		
	<u>Due within 1 year</u>	<u>Due 1 to 5 years</u>	<u>Due over 5 years</u>	<u>Due within 1 year</u>	<u>Due 1 to 5 years</u>	<u>Due over 5 years</u>
USD	-	1,273.28	-	764.95	1,211.85	-
JPY	3,759.07	5,169.06	2,372.97	3,511.34	7,753.22	2,501.42
EUR	6,343.43	25,435.31	14,815.84	5,318.74	22,934.99	21,542.46

6.32.3 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company's operating result as fuel plays vital factor in airline industry. The Company has implemented jet fuel price hedging in order to reduce the risk of fuel price volatility, to protect the value of shareholders and is not to be treated as a profit-marking venture.

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption, whereby the tenor of each contract would be for a period of not more than 18 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. In this fiscal year, the Company's hedge portion account to 73 percent of its annual fuel consumption. As at December 31, 2011, the Company still has an obligation from fuel price hedging until December 2012 amount of 13.98 million barrels of Jet fuel whereby the average lowest and the highest jet fuel prices are at USD 105.40 per barrel and USD 116.50 per barrel, respectively.

6.32.4 Fair Value of Financial Instruments

Fair value is the amount for which the buyer and the seller agree to exchange an asset, or settle a liability, while both parties are knowledgeable, willing, independent with the freedom to bargain.

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 accounts payable, loans, and accrued expenses are stated at the carrying value.

Investments in related companies not having market prices are stated at cost net of allowance of impairment. As for the investments in related companies having market prices are stated at 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 accounts receivable are stated at net book value net of allowances for doubtful accounts.

6.33 Airbus A330-300 Delivery

On December 23, 2009 and March 29, 2010, the Company accepted the transfer of title of A330-300 for 3 and 2 aircraft, respectively, totaling 5 aircraft. The acquisition of these 5 aircraft has been made under financing lease agreements. However, they could not be commercially utilized since there were no economy class seats installed. They were parked and stored in Bordeaux, France. Koito Industries Limited had informed the Company that Koito was unable to deliver the seats to the Company by September 20, 2010 as scheduled. Thereafter, the Company sent a notice of termination to Koito for breach of the General Terms Agreements (GTAs) A330 on August 3, 2010. In addition, the Company engaged a legal adviser to take legal action against Koito. The Company sent a notice of clarifications and demands for payments of damages to Koito on February 11, 2011. Koito sent a letter requesting the Company to provide supporting documentations for each item of the claimed damages to Koito on February 28, 2011. The Company is currently gathering relevant documentations to Koito as well as engaging a foreign law firm to take a legal action against Koito Industries Limited (currently renamed to KI Holdings Co., Ltd.) and Asia Fleet Services (Singapore) Pte., Ltd. so as to claim damages arising from Koito's breach of the GTAs for undeliverable seats of Airbus A330-300, A380-800 and Boeing 777-300 aircraft. The case will be submitted to the court in England.

On July 2, 2010, the Company has entered into a contract with another seat supplier namely ZIM Flugsitz GmbH to produce and deliver the economy class seats for 5 Airbus A330-300 aircraft by the scheduled delivery dates. At present, the Company has already accepted the transfer of title with seats installation of such 5 aircraft on March 25, April 11, May 21, June 6 and July 4, 2011, respectively. The relevant expenses have already been recorded as expenses until December 31, 2011 amount of THB 180.52 million, of which THB 65.34 million are expenses for fiscal year 2011.

6.34 Contractual Obligations

6.34.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase 6 A380-800, 5 A330-300, 5 A320-200, 4 A350-900XWB, and 6 B777-300ER aircraft amount of THB 111,160.51 million, expected to take delivery during the year 2012-2017 which consisted of:

Obligation	Unit : Million Baht	
	Within 1 year	Over 1 year – 5 years
Purchase of aircraft	24,848.89	86,311.61

6.34.2 Leases and Obligations of Aircraft

The Company has obligations from entering into operating leases for 42 aircraft amount of USD 5,053.53 million or approximately to THB 160,863.58 million consisting of 6 A320-200, 2 A330-300, 8 A350-900, 3 B737-400, 2 B777-200, 13 B777-300ER, 6 B787-8, and 2 B787-9 aircraft.

There are 30 aircraft which have not been scheduled delivery yet. The Company entered into the operating lease of 8 Boeing 777-300ER with the BOC Aviation Pte. Ltd. (BOCA) according to the Predelivery Commitment Agreement and Aircraft Lease Agreement dated October 22, 2010. Therefore, the Company has an obligation for the commitment fee amount of USD 31.19 million or approximately to THB 992.94 million, starting from the signing date in the Agreement until the delivery date of such aircraft. When the Company takes the delivery of such aircraft within 2012 and 2013, the commitment fee will be recognized in the Company's statement of income with a straight-line method over the lease term. The operating leases of those 42 aircraft will be expired during 2013-2029.

Lease obligation and commitment fee can be classified as follows:

Obligation	Unit : Million Baht		
	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	3,395.78	37,011.34	119,463.52
Commitment Fee	751.03	241.91	-
Total	4,146.81	37,253.25	119,463.52

6.34.3 Lease and Obligation of Cargo Block Space

On May 20, 2011 the Company's Board of Directors approved the lease termination of cargo block space for 1 aircraft. The termination date was negotiated changing from July 21, 2011 to August 1, 2011.

The Company has an obligation of cargo block space which is determined a minimum block hour amount of USD 3.12 million or approximately to THB 99.43 million per block space for 2 aircraft in July 2011 and 1 aircraft starting August 2011 onwards. The lease will be expired in the year 2012.

6.35 Estimated Damages from the Flood Disaster

6.35.1 On October 26, 2011, the flood reached Don Muang Airport causing the damages to the Company's assets which the insurance will cover for such damages.

The Company has primarily recorded the damages from flood disaster such as two Airbus A300-600 aircraft phased out from the fleet and under the selling process, consumable parts and supplies of Technical Department with net value of THB 175 million. On January 25, 2012, the Company received THB 50 million as the first insurance compensation from the insurance company, and total of USD 5 million or approximately THB 154.53 million on January 27, 2012, January 31, 2012 and February 13, 2012, respectively. The Company recognized the insurance compensation of THB 175 million, which is equal to the net book value of the damaged assets, which has been reported in the statements of comprehensive income for the year 2011. However, all the damaged assets which are covered by the insurance policy are under claiming process with the insurance company.

6.35.2 Employee Grant for Flood Disaster

The Company has extended the deadline for the employee to apply for support until February 29, 2012 in case such employees encountered the flood disaster. From the information as at February 3, 2012, the Company estimated that 6,000 staffs will apply for support as at February 29, 2012, which will cost the total amount of THB 400.00 million. The Company has already recognized such amount as expenses.

6.36 Events after the Reporting Period

6.36.1 On January 5, 2012, at 2.00 a.m. local time, cargo building at Indira Gandhi International Airport in India caught fire. At the meantime, the Company is estimating the damages of the assets which have not been exactly determined the figure yet. The damaged assets are covered by the insurance policy.

6.36.2 On February 16, 2012, the Company has issued and sold the debentures to the institutional investors and major investors in Thailand, totaling of THB 3,000 million, which is composed of 7 years debentures of THB 1,000 million and 10 years debentures of THB 2,000 million.

6.37 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on February 21, 2012.
