

(UNOFFICIAL TRANSLATION)

REVIEWED REPORT OF AUDITOR

TO : THE SHAREHOLDERS OF THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

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

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

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

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

With unconditional opinion to the financial statements, the Auditor General of Thailand requests to draw attention to Note 1 to financial statements regarding the change in accounting period and restatement of the previous financial statements for comparative purpose.

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

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

August 11, 2008

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS

AS AT JUNE 30, 2008 AND DECEMBER 31, 2007

		<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>Notes</u>	<u>30-Jun-08</u> (unaudited)	<u>31-Dec-07</u> (audited)	<u>30-Jun-08</u> (unaudited)	<u>31-Dec-07</u> (audited)
Units : Baht					
ASSETS					
Current Assets					
Cash and cash equivalents	7.1	7,113,150,193	25,813,370,034	6,807,230,537	25,459,894,270
Current investment		198,848,069	180,876,983	-	-
Trade account receivables-net	7.2	19,858,841,449	18,778,977,501	19,821,125,347	18,731,965,198
Inventories and supplies-net		7,151,450,456	6,103,676,049	7,151,450,456	6,103,676,049
Other current assets	7.3	13,642,623,915	14,352,525,807	13,593,426,521	14,315,991,306
Total Current Assets		47,964,914,082	65,229,426,374	47,373,232,861	64,611,526,823
Non-Current Assets					
Investments in associated and subsidiary companies	7.4.1	1,389,840,877	1,468,520,602	926,770,500	926,770,500
Other long-term investments	7.4.2	82,536,994	105,949,623	82,536,994	86,159,947
Property, Plant and Equipment-Net	7.6	208,195,129,220	207,152,807,792	208,151,438,143	207,096,129,851
Intangible assets-net	7.7	835,824,931	898,002,372	831,689,028	893,960,359
Deferred income taxes	7.8	4,157,135,003	3,976,402,761	4,140,378,687	3,964,088,339
Other non-current assets	7.9	1,496,963,911	1,444,207,614	1,496,963,911	1,444,207,614
Total Non-Current Assets		216,157,430,936	215,045,890,764	215,629,777,263	214,411,316,610
Total Assets		264,122,345,018	280,275,317,138	263,003,010,124	279,022,843,433

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

BALANCE SHEETS

AS AT JUNE 30, 2008 AND DECEMBER 31, 2007

	Units : Baht			
	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
<u>Notes</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
	(unaudited)	(audited)	(unaudited)	(audited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Trade account payables	11,562,222,886	10,065,516,556	11,556,083,035	10,059,366,513
Short-term loans	2,500,000,000	4,962,020,000	2,500,000,000	4,962,020,000
Current portion of long-term loans				
Debentures	5,500,000,000	11,500,000,000	5,500,000,000	11,500,000,000
Long-term loans	2,864,358,000	2,697,444,000	2,864,358,000	2,697,444,000
Liabilities under financial leases	9,742,817,123	9,112,226,002	9,742,817,123	9,112,226,002
Promissory notes	1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Other current liabilities				
Accrued expenses	17,049,749,120	17,364,579,002	17,029,548,752	17,339,342,733
Accrued dividends	78,811,118	3,120,715,633	72,248,618	3,120,715,633
Accrued income taxes	37,733,868	879,321,409	-	833,515,244
Unearned transportation revenues	34,884,681,256	32,481,674,489	34,884,681,256	32,481,674,489
Others	4,598,930,724	4,317,223,448	4,577,201,714	4,295,817,554
Total Current Liabilities	89,869,304,095	97,550,720,539	89,776,938,498	97,452,122,168
Non-Current Liabilities				
Long-term debts				
Debentures	36,000,000,000	36,000,000,000	36,000,000,000	36,000,000,000
Long-term loans	1,346,352,000	1,355,400,000	1,346,352,000	1,355,400,000
Liabilities under financial leases	70,309,436,664	70,571,831,245	70,309,436,664	70,571,831,245
Promissory notes	1,275,000,000	1,800,000,000	1,275,000,000	1,800,000,000
Staff pension fund	7.18 5,123,609,427	4,972,103,862	5,123,609,427	4,972,103,862
Total Non-Current Liabilities	114,054,398,091	114,699,335,107	114,054,398,091	114,699,335,107
Total Liabilities	203,923,702,186	212,250,055,646	203,831,336,589	212,151,457,275
Shareholders' Equity				
Share capital	7.11			
Authorized				
1,700.00 million ordinary shares par value of Baht 10 each	17,000,000,000	17,000,000,000	17,000,000,000	17,000,000,000
Issued and paid-up				
1,698.90 million ordinary shares par value of Baht 10 each	16,989,009,500	16,989,009,500	16,989,009,500	16,989,009,500
Premium on share capital	15,638,075,844	15,638,075,844	15,638,075,844	15,638,075,844
Unrealised gain on current investment-available-for-sale securities	-	(1,318)	-	-
Retained earnings				
Appropriated				
Legal reserve	1,700,000,000	1,700,000,000	1,700,000,000	1,700,000,000
Unappropriated	25,617,802,974	33,422,721,112	24,844,588,191	32,544,300,814
Total Company Shareholders' Equity	59,944,888,318	67,749,805,138	59,171,673,535	66,871,386,158
Minority Interests	253,754,514	275,456,354	-	-
Total Shareholders' Equity	60,198,642,832	68,025,261,492	59,171,673,535	66,871,386,158
Total Liabilities and Shareholders' Equity	264,122,345,018	280,275,317,138	263,003,010,124	279,022,843,433

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

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

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF INCOME

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

		<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>Notes</u>	<u>2008</u>	<u>2007</u> (restated)	<u>2008</u>	<u>2007</u> (restated)
Revenues					
Passenger and excess baggage		40,668,329,722	35,853,259,405	40,668,329,722	35,853,259,405
Freight		6,910,794,415	6,240,028,529	6,910,794,415	6,240,028,529
Mail		233,169,721	250,952,408	233,169,721	250,952,408
Other activities		2,481,460,895	2,163,726,274	2,389,076,147	2,081,290,166
Interest income		116,664,432	162,920,199	113,451,621	159,325,672
Others	7.12	449,193,996	499,212,665	514,745,868	610,537,611
Total Revenues		50,859,613,181	45,170,099,480	50,829,567,494	45,195,393,791
Operating Expenses					
Personnel		8,165,333,334	8,087,534,218	8,158,368,188	8,079,450,385
Fuel and oil		23,557,645,543	14,409,079,813	23,557,645,543	14,409,079,813
Flight service expenses		5,361,759,149	5,023,565,291	5,361,759,149	5,023,565,291
Inventories and supplies		2,294,320,058	2,357,659,208	2,294,320,058	2,357,659,208
Crew expenses		1,778,570,081	1,620,703,612	1,778,570,081	1,620,703,612
Aircraft maintenance and overhaul expenses		2,977,888,495	3,442,358,814	2,977,888,495	3,442,358,814
Depreciation and amortisation		5,060,145,065	4,493,618,572	5,053,600,540	4,485,105,646
Lease of aircraft and spare parts		778,163,666	1,678,293,671	778,163,666	1,678,293,671
Sales and advertising expenses		2,136,655,877	1,955,197,022	2,127,110,184	1,941,890,313
Insurance		181,585,691	114,706,046	181,585,691	114,706,046
Other operating expenses	7.13	2,445,107,590	2,305,079,013	2,420,925,656	2,293,026,304
Remuneration for Board of Directors		7,798,523	1,552,511	7,509,993	1,336,599
Other expenses	7.14	159,837,184	510,016,689	159,837,184	510,016,689
Losses (gains) on foreign currency exchange		5,028,605,715	(1,416,693,255)	5,032,215,627	(1,416,593,038)
Share of loss (profit) from investments by the equity method		(14,096,809)	(22,907,738)	-	-
Total Expenses		59,919,319,162	44,559,763,487	59,889,500,055	44,540,599,353
Profit (Loss) before Financial and Income Tax Expense		(9,059,705,981)	610,335,993	(9,059,932,561)	654,794,438
Financial expenses		1,306,623,989	1,198,689,909	1,306,605,478	1,198,667,795
Income tax expense	7.15	(1,128,211,743)	(170,931,592)	(1,142,647,166)	(182,772,432)
Profit (loss) for the Period		(9,238,118,227)	(417,422,324)	(9,223,890,873)	(361,100,925)
Profit (Loss) Attributable to:					
The company' s Shareholders		(9,253,923,585)	(430,218,586)	(9,223,890,873)	(361,100,925)
Minority interest		15,805,358	12,796,262	-	-
		(9,238,118,227)	(417,422,324)	(9,223,890,873)	(361,100,925)
Basic Earnings per Share					
	7.16				
Net profits (losses) per share		(5.45)	(0.25)	(5.43)	(0.21)

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

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

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF INCOME

For the six - month periods ended June 30, 2008 and 2007

Units : Baht

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
		<u>2008</u>	<u>2007</u> (restated)	<u>2008</u>	<u>2007</u> (restated)
Revenues					
Passenger and excess baggage		86,308,446,808	76,861,489,183	86,308,446,808	76,861,489,183
Freight		13,496,688,899	12,398,112,219	13,496,688,899	12,398,112,219
Mail		457,855,970	472,241,631	457,855,970	472,241,631
Other activities		4,875,628,287	4,623,620,856	4,670,122,804	4,443,572,740
Interest income		319,806,204	309,457,617	313,216,622	303,349,668
Others	7.12	1,252,005,333	994,627,696	1,377,850,153	1,110,817,482
Total Revenues		106,710,431,501	95,659,549,202	106,624,181,256	95,589,582,923
Expenses					
Personnel		16,097,407,487	15,913,363,415	16,083,544,753	15,896,173,086
Fuel and oil		43,120,806,967	28,425,563,657	43,120,806,967	28,425,563,657
Flight service expenses		10,516,581,407	9,945,404,517	10,516,581,407	9,945,404,517
Inventories and supplies		4,686,920,195	5,083,098,903	4,686,920,195	5,083,098,903
Crew expenses		3,549,195,965	3,269,857,444	3,549,195,965	3,269,857,444
Aircraft maintenance and overhaul costs		6,018,388,025	6,263,006,082	6,018,388,025	6,263,006,082
Depreciation and amortisation		10,052,228,583	8,900,121,957	10,038,560,809	8,882,613,725
Lease of aircraft and spare parts		1,950,440,209	3,387,152,984	1,950,440,209	3,387,152,984
Sales and advertising cost		3,954,794,679	3,678,041,664	3,932,333,230	3,648,642,485
Insurance		364,327,285	457,345,211	364,327,285	457,345,211
Other operating expenses	7.13	4,900,301,259	4,671,459,468	4,861,406,257	4,644,562,574
Remuneration for Board of Directors		11,903,125	4,402,886	11,307,285	3,946,147
Other expenses	7.14	190,614,880	1,243,328,671	190,614,880	1,243,328,671
Losses (gains) on foreign currency exchange		5,691,128,193	(2,882,247,443)	5,696,391,094	(2,882,037,878)
Share of loss (profit) from investments by the equity method		29,670,045	(85,810,327)	-	-
Total Expenses		111,134,708,304	88,274,089,089	111,020,818,361	88,268,657,608
Profit (Loss) before Financial and Income Tax Expense		(4,424,276,803)	7,385,460,113	(4,396,637,105)	7,320,925,315
Financial expenses		2,684,810,227	2,318,584,863	2,684,770,989	2,318,540,675
Income tax expense	7.15	(110,762,901)	1,536,441,688	(146,147,206)	1,510,917,530
Profit (loss) for the Period		(6,998,324,129)	3,530,433,562	(6,935,260,888)	3,491,467,110
Profit (Loss) Attributable to:					
The company' s Shareholders		(7,037,835,922)	3,503,063,932	(6,935,260,888)	3,491,467,110
Minority interest		39,511,793	27,369,630	-	-
		(6,998,324,129)	3,530,433,562	(6,935,260,888)	3,491,467,110
Basic earnings per share					
Net profits	7.16	(4.14)	2.06	(4.08)	2.06

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

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

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

unaudited

reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six - month periods ended June 30, 2008 and 2007

Units : Baht

CONSOLIDATED

	Maturity interest						Minority Interest	Total
	Share Capital issued and fully paid	Premium on share capital	Unrealised gain (losses) on available-for-sale securities	Legal Reserve	Retained Earnings Unappropriated	Total		
Balance as at January 1, 2007 (before adjustment)	16,988,961,500	15,643,806,138	(102,355)	1,700,000,000	32,325,311,256	66,657,976,539	213,313,684	66,871,290,223
- Adjusting staff bonus and tax	-	-	-	-	(769,320,449)	(769,320,449)	-	(769,320,449)
- Adjusting mileage upgrade awards	-	-	-	-	371,012,971	371,012,971	-	371,012,971
- Adjusting fule surcharge	-	-	-	-	90,279,083	90,279,083	-	90,279,083
- Adjusting income tax	-	-	-	-	92,408,519	92,408,519	-	92,408,519
Balance After Adjustment	16,988,961,500	15,643,806,138	(102,355)	1,700,000,000	32,109,691,380	66,442,356,663	213,313,684	66,655,670,347
- Unrealised loss on current investment - available-for-sale securities	-	-	316,114	-	-	316,114	-	316,114
Balance as at January 1, 2007 (after adjustment)	16,988,961,500	15,643,806,138	213,759	1,700,000,000	32,109,691,380	66,442,672,777	213,313,684	66,655,986,461
<u>Add</u> Net profit	-	-	-	-	3,503,063,932	3,503,063,932	27,369,630	3,530,433,562
<u>Add</u> Issued share capital	48,000	24,000	-	-	-	72,000	-	72,000
<u>Less</u> Share offering expense	-	(4,753,309)	-	-	-	(4,753,309)	-	(4,753,309)
Balance as at June 30, 2007	16,989,009,500	15,639,076,829	213,759	1,700,000,000	35,612,755,312	69,941,055,400	240,683,314	70,181,738,714
Balance as at January 1, 2008 (before adjustment)	16,989,009,500	15,638,075,844	(1,318)	1,700,000,000	33,422,721,112	67,749,805,138	275,456,354	68,025,261,492
- Adjusting the recognition of subsidiary' s R/E	-	-	-	-	(2,630,481)	(2,630,481)	(2,152,211)	(4,782,692)
Balance as at January 1, 2008 (after adjustment)	16,989,009,500	15,638,075,844	(1,318)	1,700,000,000	33,420,090,631	67,747,174,657	273,304,143	68,020,478,800
- Unrealised gains on current investment - available-for-sale securities	-	-	1,318	-	-	1,318	1,078	2,396
<u>Add</u> Net profit (loss)	-	-	-	-	(7,037,835,922)	(7,037,835,922)	39,511,793	(6,998,324,129)
<u>Add</u> Dividend return	-	-	-	-	53,692	53,692	-	53,692
<u>Less</u> Dividend paid	-	-	-	-	(764,505,427)	(764,505,427)	(59,062,500)	(823,567,927)
Balance as at June 30, 2008	16,989,009,500	15,638,075,844	-	1,700,000,000	25,617,802,974	59,944,888,318	253,754,514	60,198,642,832

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

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

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

unaudited

reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six - month periods ended June 30, 2008 and 2007

Units : Baht

	THE COMPANY				
<u>Notes</u>	Share Capital issued and fully paid	Premium on share capital	Legal Reserve	Retained Earnings Unappropriated	Total
Balance as at January 1, 2007 (before adjustment)	16,988,961,500	15,643,806,138	1,700,000,000	31,456,529,801	65,789,297,439
- Adjusting staff bonus and tax	-	-	-	(769,320,449)	(769,320,449)
- Adjusting mileage upgrade awards	-	-	-	371,012,971	371,012,971
- Adjusting fuel surcharge	-	-	-	90,279,083	90,279,083
- Adjusting income tax	-	-	-	92,408,519	92,408,519
Balance After Adjustment	16,988,961,500	15,643,806,138	1,700,000,000	31,240,909,925	65,573,677,563
Balance as at January 1, 2007 (after adjustment)	16,988,961,500	15,643,806,138	1,700,000,000	31,240,909,925	65,573,677,563
<u>Add</u> Net profit	-	-	-	3,491,467,110	3,491,467,110
<u>Add</u> Issued share capital	48,000	24,000	-	-	72,000
<u>Less</u> Share offering expense	-	(4,753,309)	-	-	(4,753,309)
Balance as at June 30, 2007	16,989,009,500	15,639,076,829	1,700,000,000	34,732,377,035	69,060,463,364
Balance as at January 1, 2008	16,989,009,500	15,638,075,844	1,700,000,000	32,544,300,814	66,871,386,158
<u>Add</u> Net profits	-	-	-	(6,935,260,888)	(6,935,260,888)
<u>Add</u> Dividend return	-	-	-	53,692	53,692
<u>Less</u> Dividend paid	-	-	-	(764,505,427)	(764,505,427)
Balance as at June 30, 2008	16,989,009,500	15,638,075,844	1,700,000,000	24,844,588,191	59,171,673,535

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

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

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

For the six - month periods ended June 30, 2008 and 2007

Units : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities				
Net profit	(7,037,835,922)	3,503,063,932	(6,935,260,888)	3,491,467,110
Adjustment to reconcile net profit to cash provided by (paid from) operating activities :				
Depreciation and amortisation	10,052,228,583	8,900,121,957	10,038,560,809	8,882,613,725
Income from investments	29,320,045	(86,055,327)	(121,547,180)	(107,910,275)
Interest income	(319,806,204)	(309,457,617)	(313,216,622)	(303,349,668)
Interest expenses	2,684,770,989	2,318,540,675	2,684,770,989	2,318,540,675
Income tax expense	(110,762,901)	1,536,441,688	(146,147,206)	1,510,917,530
Losses (gains) on sales of assets	(287,861,937)	154,771,023	(287,861,937)	154,771,023
Gain on current investments-available-for-sale securities	(1,243,513)	(2,968,837)	-	-
Amortisation of deferred charges	65,347,914	65,223,999	65,347,914	65,223,999
Losses (gains) on foreign currency exchange	5,388,656,353	(2,809,262,569)	5,389,835,002	(2,809,262,569)
Net profit attributable to minority interests	39,511,793	27,369,630	-	-
Provision for obsolete inventories and supplies	(39,593,555)	1,340,256	(39,593,555)	1,340,256
Allowance for doubtful accounts and impairment in value of assets	(126,923,018)	536,561,385	(134,846,920)	533,942,400
Operating profit before changes in operating assets and liabilities	10,335,808,627	13,835,690,195	10,200,040,406	13,738,294,206
Decrease (increase) in operating assets :				
Trade account receivables	(1,398,409,477)	1,271,934,428	(1,395,086,008)	1,266,885,005
Inventories and supplies	(1,008,180,852)	(762,755,650)	(1,008,180,852)	(762,755,650)
Prepaid expenses and deposits	296,117,498	(1,024,040,126)	294,280,247	(1,025,446,097)
Tax refund	485,055,845	(615,433,999)	485,055,845	(615,433,999)
Other current assets	277,130,976	(420,844,510)	289,470,924	(347,627,825)
Deferred Income Taxes	(19,630,890)	-	(19,630,890)	-
Other assets	(41,845,622)	(35,951,869)	(41,845,622)	(35,951,869)
Deferred charges	(117,843,649)	(14)	(117,843,649)	(14)
Increase (decrease) in operating liabilities :				
Trade account payables	1,475,086,979	319,921,101	1,476,055,168	323,442,262
Accrued expenses and other current liabilities	(167,741,730)	2,471,103,788	(163,028,943)	2,469,787,446
Staff pension fund	151,505,565	84,355,964	151,505,565	84,355,964
Unearned transportation revenue	2,502,712,728	3,242,449,126	2,502,712,728	3,242,449,126
Payment of income tax	(999,741,018)	(3,576,749,838)	(953,892,245)	(3,529,729,139)
Net Cash From Operating Activities	11,770,024,980	14,789,678,596	11,699,612,674	14,808,269,416

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

unaudited
reviewed

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

For the six - month periods ended June 30, 2008 and 2007

Units : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets	(11,333,108,641)	(5,665,842,650)	(11,332,666,041)	(5,664,631,286)
Cash paid for intangible assets	(41,626,062)	(307,053,391)	(41,293,862)	(306,939,891)
Cash received from transferring down payment of aircraft and aircraft spare parts	-	230,907,909	-	230,907,909
Cash received from sales of assets	671,809,128	797,041,037	671,809,128	797,041,037
Interest income	298,890,806	321,054,357	294,461,420	316,012,162
Dividends received	49,359,680	107,910,275	121,547,180	107,910,275
Investments decrease (increase)	2,810,689	54,446,138	2,810,689	(20,755,862)
Cash received from current investments-available-for-sale securities	3,064,500	(27,693,500)	-	-
Net Cash Used in Investing Activities	(10,348,799,900)	(4,489,229,825)	(10,283,331,486)	(4,540,455,656)
Cash Flows from Financing Activities				
Cash received from short-term loans	2,500,000,000	4,701,300,000	2,500,000,000	4,701,300,000
Cash received from long-term loans	-	371,138,725	-	371,138,725
Cash received from issuing ordinary shares	-	48,000	-	48,000
Cash received from premium on ordinary shares	-	(4,729,308)	-	(4,729,308)
Cash paid for repayment of short-term loans	(4,962,020,000)	(5,606,417,700)	(4,962,020,000)	(5,606,417,700)
Cash paid for repayment of debenture bonds	(6,000,000,000)	-	(6,000,000,000)	-
Cash paid for repayment of long-term loans	(4,524,464,614)	(3,920,421,343)	(4,524,464,614)	(3,920,421,343)
Cash paid for repayment of promissory notes	(525,000,000)	(525,000,000)	(525,000,000)	(525,000,000)
Cash paid for loan interest	(2,679,449,950)	(2,172,673,742)	(2,679,449,950)	(2,172,673,742)
Dividends paid	(3,865,418,750)	(2,844,801,203)	(3,812,918,750)	(2,797,551,203)
Net Cash from (used in) Financing Activities	(20,056,353,314)	(10,001,556,571)	(20,003,853,314)	(9,954,306,571)
Increase in cash and cash equivalents	(18,635,128,234)	298,892,200	(18,587,572,126)	313,507,189
Increase in the effect from changing in exchange rate on cash and cash equivalents	(65,091,607)	66,217,675	(65,091,607)	66,217,675
Cash and cash equivalents at the beginning of the periods	25,813,370,034	12,368,022,221	25,459,894,270	12,086,651,771
Cash and Cash Equivalents at the End of the Periods	7,113,150,193	12,733,132,096	6,807,230,537	12,466,376,635
Supplementary Cash Flows Information				
Non - cash item				
Assets under financial lease	7.6	-	3,364,769,562	-

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

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

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

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
For the three and six-month periods ended June 30, 2008 (unaudited/reviewed)
and for the period from October 1 - December 31, 2007 (audited)

1. THE CHANGE IN ACCOUNTING PERIOD

On January 9, 2007, the Company has registered to the Department of Business Development, Ministry of Commerce, for the change in its accounting period beginning on January 1 to December 31 according to the calendar year. The first of accounting period to be changed was October 1 to December 31, 2007. This was also approved by the Revenue Department on April 30, 2007. The change is to facilitate the evaluation of corporate governance and for a comparative purpose comparing to the listed companies in the Stock Exchange as well as other airlines using the same accounting period.

Due to the change in accounting period, the Company restated the previous financial statements in order to compare with the same accounting period of the financial statements for the three and six-month periods ended June 30, 2008. Therefore, the Company adjusted the recognition of war risk insurance and fuel surcharges in passenger and excess baggage revenues to match the period in which transactions incurred. Moreover, the Company adjusted taxes collected from passengers, which the outstanding balances were over 3 years and were recognised in accounting period from October 1, 2006 to September 30, 2007 and October 1 to December 31, 2007, as average revenues in each quarter. In addition, the Company adjusted welfare fees as average expenses in each quarter as well as relevant company income taxes. The asserted adjustments resulted in the decrease in net profits of the Company financial statements for the three and six-month periods ended June 30, 2007 amount of THB 498.38 and 798.23 million, respectively, as well as unappropriated retained earnings as at January 1, 2007 decreased by THB 215.62 million.

2. BASIC OF FINANCIAL STATEMENT PREPARATION

2.1 Financial statement preparation

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

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

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

2.2 Interim financial statement preparation

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4. EFFECT OF CHANGE IN ACCOUNTING ESTIMATION

The Company has changed the estimated useful life of aircraft and engines, received since the fiscal year 2006/07 and those similar to the aircraft type representing in the former Company’s fleet, from 20 years to 15 years beginning from January 1, 2008. This is to facilitate the Company having a new aircraft fleet which is suitable for the status of present competitive airline industry. Moreover, the operating expenses of the Company can be reduced but the depreciation for the three and six-month periods ended June 30, 2008 increased by THB 344.76 and 688.33 million, respectively, compared with the depreciation previously computed by the former estimated useful life.

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

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

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

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

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

6. ACCOUNTING PRESENTATION IN FINANCIAL STATEMENT

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

6.1 Flight operation expenses are separately shown as:

6.1.1 Flight service expenses

6.1.2 Crew expenses

6.1.3 Aircraft maintenance and overhaul expenses

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

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

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

7. SUPPLEMENTARY INFORMATION

7.1 Cash and Cash Equivalents

	<u>Consolidated</u>		<u>Units : Million Baht</u> <u>The Company</u>	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Cash - Domestic	15.44	16.23	15.44	16.23
Cash - Abroad	17.29	21.33	17.29	21.33
Bank Deposits - Domestic	3,625.27	6,335.13	3,319.35	5,981.65
Bank Deposits - Abroad	<u>3,455.15</u>	<u>19,440.68</u>	<u>3,455.15</u>	<u>19,440.68</u>
Total	<u>7,113.15</u>	<u>25,813.37</u>	<u>6,807.23</u>	<u>25,459.89</u>

7.2 Trade Account Receivables - Net

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

	Consolidated		Units : Million Baht	
			The Company	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Period of overdue				
Not over 6 months	19,815.19	18,738.24	19,762.72	18,691.23
Over : 6 months to 1 year	89.61	43.01	89.61	43.01
Over : 1 year to 2 years	54.42	76.95	54.42	76.93
Over : 2 years	<u>1,294.03</u>	<u>1,302.58</u>	<u>1,265.15</u>	<u>1,273.72</u>
	21,253.25	20,160.78	21,171.90	20,084.89
<u>Less</u> Allowance for doubtful accounts	<u>(1,394.41)</u>	<u>(1,381.80)</u>	<u>(1,350.77)</u>	<u>(1,352.92)</u>
Trade account receivables - net	<u>19,858.84</u>	<u>18,778.98</u>	<u>19,821.13</u>	<u>18,731.97</u>

7.3 Other Current Assets

	Consolidated		Units : Million Baht	
			The Company	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Prepaid expenses and deposits	4,624.34	4,850.36	4,618.05	4,842.22
Tax refund	1,154.37	1,519.77	1,154.37	1,519.77
Cash and fixed deposits of pension fund	4,791.43	4,563.38	4,791.43	4,563.38
Others	<u>3,072.48</u>	<u>3,419.02</u>	<u>3,029.58</u>	<u>3,390.62</u>
Total	<u>13,642.62</u>	<u>14,352.53</u>	<u>13,593.43</u>	<u>14,315.99</u>

7.4 Investments

Consolidated

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on investments	
			Cost method		Equity method			
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07	30-Jun-08	30-Jun-07
7.4.1 Investments using the equity method								
Royal Orchid Hotel (Thailand) Public Co., Ltd. (Market value as at 30 Jun 08 amount of THB 810.00 million and as at 31 Dec 07 amount of THB 922.50 million)	24	24	225.00	225.00	289.10	261.03	31.22	15.04
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	192.77	193.81	(1.04)	(6.67)
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 30 Jun 08 amount of THB 1,105.79 million and as at 31 Dec 07 amount of THB 1,290.09 million)	22.6	22.6	115.19	115.19	537.85	551.41	23.30	32.39
Phuket Air Catering Company Limited	30	30	30.00	30.00	71.36	53.22	27.14	13.52
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	221.46	223.35	(1.89)	(5.23)
Nok Airlines Company Limited	39	39	195.00	195.00	<u>77.30</u>	<u>185.70</u>	<u>(108.40)</u>	<u>36.76</u>
Total investments using the equity method					<u>1,389.84</u>	<u>1,468.52</u>	<u>(29.67)</u>	<u>85.81</u>
7.4.2 Other long-term investments stated at cost								
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00			-	-
Aeronautical Radio of Thailand Limited	2.6	2.6	16.89	16.89			-	-
SITA Investment Certificate	-	-	30.27	33.76			-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75			-	-
SITA Information Networking Computing	-	-	30.54	30.77			-	-
Other Shares	-	-	3.09	2.99			0.35	0.25
Investment in private fund	-	-	-	19.79			-	-
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			<u>(133.00)</u>	<u>(133.00)</u>			<u>-</u>	<u>-</u>
Total other long-term investments			<u>82.54</u>	<u>105.95</u>			<u>0.35</u>	<u>0.25</u>

The Company

Units : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost method			
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07	30-Jun-08	30-Jun-07
7.4.1 Investments using the cost method						
Subsidiary Company						
Thai-Amadeus Southeast Asia Company Limited	55	55	<u>8.25</u>	<u>8.25</u>	<u>72.19</u>	<u>-</u>
Associated Companies						
Royal Orchid Hotel (Thailand) Public Co., Ltd. (Market value as at 30 Jun 08 amount of THB 810.00 million and as at 31 Dec 07 amount of THB 922.50 million)	24	24	225.00	225.00	3.15	58.95
Donmuang International Airport Hotel Company Limited	40	40	48.00	48.00	-	2.40
Bangkok Aviation Fuel Services Public Company Limited (Market value as at 30 Jun 08 amount of THB 1,105.79 million and as at 31 Dec 07 amount of THB 1,290.09 million)	22.6	22.6	115.19	115.19	36.86	40.32
Phuket Air Catering Company Limited	30	30	30.00	30.00	9.00	6.00
Suvarnabhumi Airport Hotel Company Limited	30	30	305.33	305.33	-	-
Nok Airlines Company Limited	39	39	<u>195.00</u>	<u>195.00</u>	<u>-</u>	<u>-</u>
Total			<u>918.52</u>	<u>918.52</u>	<u>49.01</u>	<u>107.67</u>
Total investments using the cost Method			<u>926.77</u>	<u>926.77</u>	<u>121.20</u>	<u>107.67</u>
7.4.2 Other long-term investments stated at cost						
Fuel Pipeline Transportation Limited	8.4	8.4	133.00	133.00	-	-
Aeronautical Radio of Thailand Limited	2.6	2.6	16.89	16.89	-	-
SITA Investment Certificate	-	-	30.27	33.76	-	-
Trade Siam Company Limited (paid 25% of authorized share capital)	3.5	3.5	1.75	1.75	-	-
SITA Information Networking Computing	-	-	30.54	30.77	-	-
Other Shares	-	-	3.09	2.99	0.35	0.25
<u>Less</u> Allowance for impairment of Fuel Pipeline Transportation Limited			<u>(133.00)</u>	<u>(133.00)</u>	<u>-</u>	<u>-</u>
Total other long-term investments			<u>82.54</u>	<u>86.16</u>	<u>0.35</u>	<u>0.25</u>

7.4.3 Financial Data Summary of Subsidiary and Associated Companies

Units : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiary Company</u>				
Thai-Amadeus Southeast Asia Company Limited	659.35	95.45	218.63	87.80
<u>Associated Companies</u>				
Royal Orchid Hotel (Thailand) Public Co., Ltd.	1,472.57	254.85	322.46	73.10
Donmuang International Airport Hotel Company Limited	520.06	38.14	52.10	0.16
Bangkok Aviation Fuel Services Public Company Limited	5,521.23	2,977.15	418.22	76.68
Phuket Air Catering Company Limited	293.88	26.00	123.07	64.41
Suvarnabhumi Airport Hotel Company Limited	2,536.13	1,797.93	427.09	(6.29)
Nok Airlines Company Limited	765.31	567.10	1,246.34	(99.78)

The Company used the financial statements of associated companies as at March 31, 2008 to record the investment by equity method in the consolidated financial statement and by cost method in the Company's financial statement due to the associated companies cannot submit their financial statements to the Company in time for accounting closing.

7.5 Related Parties The Company

7.5.1 Major Shareholders

Units : Million Baht		
	30-Jun-08	31-Dec-07
Ministry of Finance Foreign loans via the Ministry of Finance	4,210.71	9,014.86

7.5.2 Subsidiary Company

Units : Million Baht								
	The three-month periods				The six-month periods			
	Apr-Jun'08		Apr-Jun'07		Jan-Jun'08		Jan-Jun'07	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Thai - Amadeus Southeast Asia Company Limited	3.46	-	4.87	-	8.39	-	11.93	-

Units : Million Baht				
	30-Jun-08		31-Dec-07	
	Account Receivables	Account Payables	Account Receivables	Account Payables
	Thai-Amadeus Southeast Asia Company Limited	3.08	-	2.62

7.5.3 Associated Companies

Units : Million Baht

	The three-month periods				The six-month periods			
	Apr-Jun'08		Apr-Jun'07		Jan-Jun'08		Jan-Jun'07	
	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase
Royal Orchid Hotel (Thailand) Public Co., Ltd.	-	3.24	-	6.94	-	8.34	-	12.61
Donmuang International Airport Hotel Company Limited	-	1.79	-	1.28	-	1.86	-	2.53
Bangkok Aviation Fuel Services Public Company Limited	0.01	107.13	0.01	94.63	0.04	199.00	0.01	202.16
Phuket Air Catering Company Limited	0.74	0.95	0.81	0.95	1.66	5.90	2.58	1.87
Suvarnabhumi Airport Hotel Company Limited	-	17.27	-	9.76	-	46.71	-	13.83
Nok Airlines Co., Ltd.	640.68	-	459.65	-	1,279.50	-	943.86	-

Units : Million Baht

	30-Jun-08		31-Dec-07	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Royal Orchid Hotel (Thailand) Public Co., Ltd.	-	0.09	-	-
Donmuang International Airport Hotel Company Limited	-	0.36	-	0.01
Bangkok Aviation Fuel Services Public Company Limited	0.01	37.53	0.01	35.22
Phuket Air Catering Company Limited	0.26	0.64	1.09	7.48
Suvarnabhumi Airport Hotel Company Limited	-	-	-	0.42
Nok Airlines Co., Ltd.	132.24	-	37.78	-

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

7.6 Property, Plant and Equipment - Net

Consolidated

Units : Million Baht

	Aircraft	Aircraft under financial leases	Aircraft spare parts	Land buildings and development	Other plant and equipment	Total
Cost						
As at January 1, 2008	139,361.79	142,363.58	28,262.77	19,034.90	28,435.57	357,458.61
- Adjust/Transfer	(567.74)	-	(18.75)	32.59	478.84	(75.06)
- Increased asset	9,260.56	274.94	916.87	31.82	334.61	10,818.80
- Sold	(2,969.59)	(29.37)	(218.74)	(39.32)	(238.61)	(3,495.63)
As at June 30, 2008	145,085.02	142,609.15	28,942.15	19,059.99	29,010.41	364,706.72
Accumulated depreciation						
As at January 1, 2008	79,806.98	25,125.50	17,740.21	8,993.79	18,639.32	150,305.80
- Depreciation	3,265.85	4,142.81	980.23	442.35	1,075.61	9,906.85
- Adjust/Transfer	(567.74)	-	(20.13)	-	(1.49)	(589.36)
- Sold	(2,674.54)	(29.37)	(136.35)	(36.61)	(234.83)	(3,111.70)
As at June 30, 2008	79,830.55	29,238.94	18,563.96	9,399.53	19,478.61	156,511.59
Net book value						
As at December 31, 2007	59,554.81	117,238.08	10,522.56	10,041.11	9,796.25	207,152.81
As at June 30, 2008	65,254.47	113,370.21	10,378.19	9,660.46	9,531.80	208,195.13

The Company

Units : Million Baht

	Aircraft	Aircraft under financial leases	Aircraft spare parts	Land buildings and development	Other plant and equipment	Total
Cost						
As at January 1, 2008	139,361.79	142,363.58	28,262.77	19,034.90	28,182.69	357,205.73
- Adjust/Transfer	(567.74)	-	(18.75)	32.59	480.38	(73.52)
- Increased asset	9,260.56	274.94	916.87	31.82	334.17	10,818.36
- Sold	(2,969.59)	(29.37)	(218.74)	(39.32)	(238.61)	(3,495.63)
As at June 30, 2008	145,085.02	142,609.15	28,942.15	19,059.99	28,758.63	364,454.94
Accumulated depreciation						
As at January 1, 2008	79,806.98	25,125.50	17,740.21	8,993.79	18,443.12	150,109.60
- Depreciation	3,265.85	4,142.81	980.23	442.35	1,062.18	9,893.42
- Adjust/Transfer	(567.74)	-	(20.13)	-	0.05	(587.82)
- Sold	(2,674.54)	(29.37)	(136.35)	(36.61)	(234.83)	(3,111.70)
As at June 30, 2008	79,830.55	29,238.94	18,563.96	9,399.53	19,270.52	156,303.50
Net book value						
As at December 31, 2007	59,554.81	117,238.08	10,522.56	10,041.11	9,739.57	207,096.13
As at June 30, 2008	65,254.47	113,370.21	10,378.19	9,660.46	9,488.11	208,151.44

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

Of the total aircraft value, THB 16,763.98 is for aircraft on order, which includes the THB 5,843.36 million pre-delivery payments for 8 Airbus A330-300 aircraft. Pre-delivery payments were made to Airbus to retain the benefit given to the Company as part of the delay compensation in delivery of the Company's Airbus A380-800 aircraft and to also ensure the timely delivery of the A330-300 aircraft. Such pre-delivery payments were made in advance of the Company seeking a lessor for whom the Company is to transfer the rights of the acquisition agreement and in turn the Company is to operating lease the said A330-300 aircraft. On delivery of the said aircraft, the Company will receive its pre-delivery payments in total from the lessor. The Company considers the substance of this transaction over the form of aircraft acquisition. However, the Company has submitted for Cabinet reconsideration the form of aircraft acquisition. Upon finalizing, the Company may have to make accounting adjustment on this transaction to comply with the final decision.

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

Other plants and equipment-net amount of THB 9,531.80 million (consolidated) and THB 9,488.11 million (the Company) have already included the work in progress of Suvarnabhumi project amount of THB 27.85 million consisting of building, facilities, equipment and information technology which support to the services in Suvarnabhumi.

The Company uses buildings and equipment amount of THB 34,651.45 million that are now fully depreciated.

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

7.7 Intangible Assets-net

	Units : Million Baht	
	Consolidated	The Company
Cost		
As at January 1, 2008	1,073.74	1,069.17
- Assets increase	41.63	41.30
As at June 30, 2008	1,115.37	1,110.47
Accumulated depreciation		
As at January 1, 2008	175.74	175.21
- Depreciation	103.81	103.57
As at June 30, 2008	279.55	278.78
Net book value		
As at December 31, 2007	898.00	893.96
As at June 30, 2008	835.82	831.69

7.8 Deferred Income Taxes

	Consolidated		Units : Million Baht The Company	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
	Contribution to staff pension fund	1,211.22	1,195.11	1,211.22
Allowance for obsolete inventories	677.68	689.56	677.68	689.56
Allowance for doubtful accounts	474.59	470.71	461.50	462.05
Allowance impairment in value of assets	310.97	345.11	310.97	345.11
Estimated accrual expenses	717.55	476.74	717.55	476.74
Frequent flyer program (ROP)	423.49	461.17	423.49	461.17
Deferred loss on foreign currency exchange	313.51	313.61	313.51	313.61
Others	<u>28.12</u>	<u>24.39</u>	<u>24.46</u>	<u>20.74</u>
Total	<u>4,157.13</u>	<u>3,976.40</u>	<u>4,140.38</u>	<u>3,964.09</u>

7.9 Other Non-Current Assets

	Consolidated		Units : Million Baht The Company	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
	Deferred charges	1,385.95	1,375.04	1,385.95
Others	<u>111.01</u>	<u>69.17</u>	<u>111.01</u>	<u>69.17</u>
Total	<u>1,496.96</u>	<u>1,444.21</u>	<u>1,496.96</u>	<u>1,444.21</u>

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

7.10 Dividends Payment the Company

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

7.11 Share Capital

As at June 30, 2008, the Company has authorized ordinary shares amount of 1,700 million shares at par value THB 10 each for an aggregate of THB 17 billion, issued and paid-up ordinary shares amount of THB 16,989.01 million.

7.12 Other Incomes - Others

Units : Million Baht

Text	Consolidated			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Gains on sales of assets	(0.06)	160.23	374.76	370.70
Revenue from other services of Aircraft Maintenance Department	105.04	60.41	171.44	109.66
Revenue from airport fees collected from passengers	187.47	90.28	374.94	180.56
Other incomes	156.74	188.29	330.86	333.71
Total	449.19	499.21	1,252.00	994.63

Units : Million Baht

Text	The Company			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Gains on sales of assets	(0.06)	160.23	374.76	370.70
Dividend from subsidiary and associated companies	63.45	107.67	121.20	107.67
Revenue from other services of Aircraft Maintenance Department	105.04	60.41	171.44	109.66
Revenue from airport fees collected from passengers	187.47	90.28	374.94	180.56
Other incomes	158.84	191.95	335.51	342.23
Total	514.74	610.54	1,377.85	1,110.82

7.13 Other operating Expenses

Units : Million Baht

Text	Consolidated			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Rentals and utilities	771.58	786.28	1,507.40	1,533.32
Office supplies	97.43	96.05	165.99	184.21
Repair of building and equipment	122.14	105.19	235.21	212.19
Outsource services	311.11	403.81	523.83	727.24
Consultant and service fees	131.60	64.27	219.71	196.66
Legal fee for Antitrust/ Competition Law	39.01	-	39.01	-
Computer service expenses	124.03	119.85	212.95	205.82
Travelling and transportation expenses	184.36	134.33	365.14	257.31
Concession fees	162.78	155.88	309.85	273.36
Passenger claim expenses	98.29	71.71	215.35	153.14
Others	402.78	367.71	1,105.86	928.21
Total	2,445.11	2,305.08	4,900.30	4,671.46

Units : Million Baht

Text	The Company			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Rentals and utilities	771.58	786.28	1,507.40	1,533.32
Office supplies	97.43	96.05	165.99	184.21
Repair of building and equipment	122.14	105.19	235.21	212.19
Outsource services	311.11	403.81	523.83	727.24
Consultant and service fees	131.60	64.27	219.71	196.66
Legal fee for Antitrust/ Competition Law	39.01	-	39.01	-
Computer service expenses	124.03	119.85	212.95	205.82
Travelling and transportation expenses	184.36	134.33	365.14	257.31
Concession fees	162.78	155.88	309.85	273.36
Passenger claim expenses	98.29	71.71	215.35	153.14
Others	378.60	355.66	1,066.97	901.31
Total	2,420.93	2,293.03	4,861.41	4,644.56

7.14 Other Expenses

Units : Million Baht

Text	Consolidated			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Impairment loss of assets	76.14	471.29	111.46	1,143.79
Other expenses	83.70	38.73	79.15	99.54
Total	159.84	510.02	190.61	1,243.33

Units : Million Baht

Text	The Company			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Impairment loss of assets	76.14	471.29	111.46	1,143.79
Other expenses	83.70	38.73	79.15	99.54
Total	159.84	510.02	190.61	1,243.33

7.15 Company income tax

Units : Million Baht

Text	Consolidated			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Tax expense (income) from taxable profit for the period	(976.59)	(276.14)	43.51	1,785.84
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(151.62)	105.21	(154.27)	(249.40)
Total	(1,128.21)	(170.93)	(110.76)	1,536.44

Units : Million Baht

Text	The Company			
	For the three-month periods		For the six-month periods	
	Apr-Jun'08	Apr-Jun'07	Jan-Jun'08	Jan-Jun'07
Tax expense (income) from taxable profit for the period	(988.67)	(287.82)	10.51	1,760.18
Add(less): deferred tax asset/ liability from temporary different increase/ decrease	(153.98)	105.05	(156.66)	(249.26)
Total	(1,142.65)	(182.77)	(146.15)	1,510.92

7.16 Earnings Per Share Consolidated and the Company

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

Consolidated

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

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net losses attributable to ordinary shareholders	(9,253.92)	(430.22)	1,698.90	1,698.90	(5.45)	(0.25)

The Company

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

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net losses attributable to ordinary shareholders	(9,223.89)	(361.10)	1,698.90	1,698.90	(5.43)	(0.21)

Consolidated

For the six - month periods ended June 30, 2008 and 2007

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net profits (losses) attributable to ordinary shareholders	(7,037.84)	3,503.06	1,698.90	1,698.90	(4.14)	2.06

The Company

For the six - month periods ended June 30, 2008 and 2007

	<u>Gains</u>		<u>No. of Shares</u>		<u>Earnings per share</u>	
	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>
	Million Baht	Million Baht	Million Shares	Million Shares	Baht	Baht
Basic earnings per share						
Net profits (losses) attributable to ordinary shareholders	(6,935.26)	3,491.47	1,698.90	1,698.90	(4.08)	2.06

7.17 Financial Information by Segment Consolidated

7.17.1 Business Segments

Statements of Income

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

Units : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>
				(restated)				(restated)
Air transportation	47,812.29	42,344.24	-	-	47,812.29	42,344.24	(4,032.20)	(621.80)
Business Units	2,192.18	1,880.17	3,751.62	3,967.52	5,943.80	5,847.69	(491.11)	(329.49)
Other activities	289.28	283.56	97.50	110.63	386.78	394.19	72.10	(30.09)
Eliminations	-	-	(3,849.12)	(4,078.15)	-	-	-	-
Operating losses							(4,451.21)	(981.38)
Share of net profit (loss) from subsidiary and associated companies							14.10	22.91
Interest expenses-net							(1,189.96)	(1,035.77)
Gains (losses) on foreign currency exchange							(5,028.61)	1,416.69
Other revenues (expense)							289.36	(10.80)
Minority interests							(15.81)	(12.80)
Income taxes							<u>1,128.21</u>	<u>170.93</u>
Net losses							<u>(9,253.92)</u>	<u>(430.22)</u>

Statements of Income
For the six - month periods ended June 30, 2008 and 2007

Units : Million Baht

	<u>Revenues</u>		<u>Inter - Segment Revenues</u>		<u>Total Revenues</u>		<u>Segment Results</u>	
	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>	<u>30-Jun-08</u>	<u>30-Jun-07</u>
				(restated)				(restated)
Air transportation	100,262.99	89,731.84	-	-	100,262.99	89,731.84	19.13	4,260.99
Business Units	4,310.83	4,032.07	7,799.89	7,996.57	12,110.72	12,028.64	(291.95)	23.38
Other activities	564.80	591.55	203.32	210.27	768.12	801.82	188.14	72.27
Eliminations	-	-	(8,003.21)	(8,206.84)	-	-	-	-
Operating profits (losses)							(84.68)	4,356.64
Share of net profit (loss) from subsidiary and associated companies							(29.67)	85.81
Interest expenses-net							(2,365.00)	(2,009.13)
Gains (losses) on foreign currency exchange							(5,691.13)	2,882.25
Other revenues (expense)							1,061.39	(248.70)
Minority interests							(39.51)	(27.37)
Income taxes							110.76	(1,536.44)
Net profits (losses)							(7,037.84)	3,503.06

Assets and Liabilities
As At June 30, 2008 and December 31, 2007

	<u>Current Assets</u>		<u>Non-Current Assets</u>		<u>Units : Million Baht Total Assets</u>	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Air transportation	44,277.44	61,880.90	205,293.31	203,827.18	249,570.75	265,708.08
Business Units	638.70	497.83	10,799.54	11,125.89	11,438.24	11,623.72
Other activities	594.76	620.52	64.58	92.82	659.34	713.34
Non-allocated assets	2,454.01	2,230.18	-	-	2,454.01	2,230.18
Total	47,964.91	65,229.43	216,157.43	215,045.89	264,122.34	280,275.32

	<u>Current Liabilities</u>		<u>Non-Current Liabilities</u>		<u>Units : Million Baht Total Liabilities</u>	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Air transportation	88,531.00	95,056.18	113,928.99	114,588.37	202,459.99	209,644.55
Business Units	919.19	2,070.30	125.41	110.97	1,044.60	2,181.27
Other activities	95.45	101.22	-	-	95.45	101.22
Non-allocated liabilities	323.66	323.02	-	-	323.66	323.02
Total	89,869.30	97,550.72	114,054.40	114,699.34	203,923.70	212,250.06

Segment results derive from segment revenues net of segment expenses excluding interest expenses, gains (losses) on foreign currency exchange, other expenses, and income taxes.

Segment current and non-current assets are those operating assets that are employed by a segment in its operating activities.

Segment current and non-current liabilities are those operating liabilities that result from the operating activities of a segment.

The Company records inter-segment revenue transfers at market price charged to its unaffiliated customer net of discount. Those transfers are eliminated in consolidation.

7.17.2 Geographical Segments

	Units : Million Baht			
	<u>The three -month Periods</u>		<u>The six -month Periods</u>	
	<u>Apr-Jun'08</u>	<u>Apr-Jun'07</u>	<u>Jan-Jun'08</u>	<u>Jan-Jun'07</u>
Domestic Revenues				
Transportation	2,741.03	2,512.85	6,298.18	5,592.43
Business units	2,192.18	1,880.17	4,310.82	4,032.07
Other activities	<u>289.28</u>	<u>283.55</u>	<u>564.80</u>	<u>591.55</u>
Total domestic revenues	<u>5,222.49</u>	<u>4,676.57</u>	<u>11,173.80</u>	<u>10,216.05</u>
Foreign Transportation Revenues				
Regional Asia	16,686.31	16,257.18	34,792.34	33,963.54
Europe	12,024.10	11,058.88	26,532.31	24,662.37
North Pacific	1,978.59	1,782.63	3,979.55	3,295.55
Australia & New Zealand	4,242.95	4,016.04	9,110.71	8,186.71
Africa	<u>304.76</u>	<u>326.05</u>	<u>656.33</u>	<u>632.99</u>
Total foreign transportation revenues	<u>35,236.71</u>	<u>33,440.78</u>	<u>75,071.24</u>	<u>70,741.16</u>
Charter revenues and others	2,040.21	1,585.38	4,061.42	3,341.20
Insurance surcharge from passengers	663.00	561.78	1,386.83	1,171.38
Fuel surcharge from passengers	7,131.34	4,243.46	13,445.33	8,885.67
Interest income	116.67	162.92	319.81	309.46
Other revenues	<u>449.19</u>	<u>499.21</u>	<u>1,252.00</u>	<u>994.63</u>
Total	<u>50,859.61</u>	<u>45,170.10</u>	<u>106,710.43</u>	<u>95,659.55</u>

7.18 Staff Pension Fund Consolidated and the Company

The Company has established a staff pension fund, contributing 10% of employee salaries to the fund each month. The fund's assets, liabilities and balance are presented in the Company's balance sheet. Interest and expenses arising from fund operations are recognised as income and expenses of the Company. The details are as follows:

	Units : Million Baht	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Current assets	5,076.59	4,956.07
Others	<u>74.16</u>	<u>52.35</u>
Total	<u>5,150.75</u>	<u>5,008.42</u>
Other current liabilities	27.14	36.32
Pension fund	<u>5,123.61</u>	<u>4,972.10</u>
Total	<u>5,150.75</u>	<u>5,008.42</u>

As at June 30, 2008, the fund balance was THB 5,123.61 million, equal to the Company's obligation to its staff under the fund. The total Company contribution to the fund in this period was THB 130.50 million, consisting of contributions at a rate equivalent to 10% of employee salaries in the amount of THB 120.89 million less additional amounts to match the Company's obligation of THB 9.61 million.

7.19 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 576.82 million in this period.

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

7.20 Contingent Liabilities

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

	Units : Million Baht	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Letters of guarantee issued by banks - Domestic	2.89	2.89
Letters of guarantee issued by banks - Abroad	114.94	69.08
The Company as defendant in		
Labour dispute cases	1,656.75	1,619.06
Damage claims cases	<u>1,954.65</u>	<u>1,308.92</u>
Total	<u>3,729.23</u>	<u>2,999.95</u>

7.21 Competition Laws Infringement

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

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

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

Beyond the above litigation and allegation, at present, there is no other claims against the Company, but investigations in criminal acts for infringement of Antitrust and Competition laws in the US., Australia, New Zealand and Republic of Korea. Investigations in such various regions have found no guilty on part of the Company yet. The Company has only been requested information from time to time. The Company has retained law firms in each country to coordinate the cases with the local authorities of each country. The legal fees for the claimed and alleged cases have been recorded as expense of THB 39.01 million.

7.22 Contractual Obligations

7.22.1 Obligation to Purchase Aircraft

The Company has a payment obligation to purchase aircraft amount of THB 39,544.19 million.

7.22.2 Leases and Leased aircraft obligations

7.22.2.1 The Company has obligations from entering into operating leases amount of USD 128.31 million or approximately to THB 4,318.91 million (exchange rate USD 1 : THB 33.6588).

7.22.2.2 The Company sent the notification to exercise the purchase option for four aircraft after expiry date of operating leases consisting of two Boeing 747-400 and two Boeing 777-200. This was due to the need to utilize of such aircraft and no plan to remove those aircraft from the Company's fleet. In addition, the Company exercised the purchases option under an operating lease for a Boeing 747-400 on April 28, 2008.

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

7.22.3 Obligation to the Acquisition Aircraft Agreement

The Company has an obligation to the acquisition aircraft agreement for 8 Airbus A330-300 amount of THB 24,658.50 million in order to retain the benefit of the delay compensation of Airbus A380-800 and also ensure the timely delivery of Airbus A330-300 aircraft. At present, the Company is on a process seeking for a lessor of operating lease by transferring the rights of the Acquisition Agreement to the lessor. This obligation will terminate when the Company enters into an operation lease.

7.23 Events After the Balance Sheet Date

On August 3, 2008, there was fire incident occurred to a customer's Boeing 747-400 aircraft while under maintenance in the Company's hangar at Dongmuang Airport. The case of the incident and the party responsible are under investigation and get to be determined. However, such damage is under insurance coverage which shall be evaluated by Boeing Commercial, manufacture of the aircraft.

7.24 Approval of Financial Statements

These financial statements were approved by the Audit Committee, the Authorized Board of Directors, on August 11, 2008.
