

## Operational Highlights of 1998/99

- Marking THAI's 35th consecutive year of profitability
- Acquiring 10 new aircraft and selling 7 aircraft, bringing THAI's fleet to a total of 79 aircraft
- Operating the new southern domestic route to Krabi province
- Opening an Engine Test Cell Center at the Technical Department, Bangkok which is the most modern and biggest in Asia
- Opening U-Tapao Aircraft Maintenance Center with JAR-45 Certification from Joint Aviation Authorities (JAA)
- Receiving ISO 9002 for customer Services and Cargo and Mail Commercial Department
- Opening Crew Training Center at Crew Center, Lak Si - Bangkok
- Voted most efficient jet fuel buyer under the categories of "most price conscious" and "values relationships" from amongst Asia Pacific air carriers, according to a survey conducted by World Jet Fuel Report
- Voted one of the top ten best airlines in Conde Nast Traveller's "1998 Top 100 Reader's Choice Awards"
- Voted third favorite international airline, according to a survey conducted by The Daily Telegraph Travel, UK
- Winning 5 awards of 1999 Most Outstanding Airlines announced by Official Airline Guide

## Financial Highlights

Fiscal Year	(in million Baht, except amount per share)		
	1999	1998	1997
Total Assets	144,810	150,585	136,313
Shareholders' Equity	9,960	4,410	1,572
Share Capital	14,000	14,000	14,000
Operating Revenues	107,653	105,493	84,687
Operating Profit	17,164	13,187	9,005
Profit before Tax	6,393	5,268	4,004
Net Profit	5,313	3,696	2,763
Amount per Share (Baht)			
Par Value	10	10	10
Net Profit	3.79	2.64	1.97
Total Assets	103.44	107.56	97.37
Shareholders' Equity	7.11	3.15	1.12

Note : The changing of accounting policies in fiscal year 1999 are not applicable to those used in the previous years.

Successfully operating into its 39<sup>th</sup> anniversary in the fiscal year 1999, the Company diligently undertook a great deal of improvement and development in order to enhance its operational efficiency. The Company has strengthened itself so as to be ready for the increasingly fierce competition that can be anticipated throughout the aviation industry in the new millennium; this intensified competition will be a feature of an era of freer trade and continuing fluctuations in global economic stability.

One of the remarkable measures was the privatization, undertaken in accordance with the Cabinet resolution since 1998. This year the Company engaged a consortium of Credit Suisse First Boston, Dredner Klienwort Benson, JF Thanakom and Asset Plus to study, prepare and submit a suitable privatization plan for the Company. The intention is to reduce the shareholding of the Ministry of Finance from its present 93% to not less than 70%. The resulting plan is now ready for implementation as soon as Cabinet approval is received.

The Company is fully prepared for any computer problems which may occur in connection with the well-documented Y2K problem which may occur at the turn of the century. The counter measure plans have been in place since 1996. A budget of 300 million baht was made available to allow all of the Company's computerized systems to be checked, fixed and tested. Top priority was given to safety and the maintenance of aircraft and spare parts, and to the computerized reservation system. The



measures taken placed emphasis on ensuring the accuracy of data and information, and were fully in line and in full compliance with the standards which have been set by the International Civil Aviation Organization, the International Air Transport Association, the Star Alliance partners, and international airports worldwide.

Due to the ongoing economic crisis which still continues to affect the region, the Company has taken several steps to safeguard its healthy financial position. The measures involved both reductions in expenditure and attempts to increase revenue. New sources of revenue were indentified and flight operational schedules were adjusted to meet the particular needs of each individual market; at the same time, the Star Alliance network was expanded. One of the most outstanding successes was the reengineering program, which has already been completed. Both the operational and the administrative functions have been improved, in line with international standards, so as to fully endorse the Company's vision of THAI as: "The First Choice Carrier: Smooth as Silk. First Time. Every Time". These significant improvements will guarantee that the Company retains its position as one of the world's leading international airlines both now and in the future.

Once again, this year the Company received several prestigious awards honored by various international organizations including the airline with the most efficient fuel buyer among the airlines in the Asia Pacific Region, which was surveyed by World Jet Fuel Report. These awards, along with the satisfactory level of profit that

the Company was able to achieve, reflect dedication, determination and commitment to excellence as the Company strives to boost competitiveness and improve efficiency - both in terms of cost management and employee productivity.

In addition to all its regular activities, the Company wholeheartedly joins the rest of the Thai nation in the celebration of His Majesty the King's 72<sup>nd</sup> birthday. The Company has taken part in a long list of activities throughout the year, often joining hands with other organization from both private and public sectors in Thailand and abroad. To mark this auspicious occasion, the Company has produced a special film which highlights His Majesty's role and the massive contribution he continues to make to the well-being of all Thai people. This film will be shown on every THAI flight.

Moreover, as the national flag carrier, the Company has continued to extend its support to the "Amazing Thailand" campaign which had been introduced since last year. One of the outstanding activities was a main sponsor of the 13<sup>th</sup> Asian Games and the 7<sup>th</sup> FESPIC Games which were held in Bangkok. This included successfully catering for all meals for athletes and officials.

On behalf of the Board of Directors, I wish to take this opportunity to express my sincere appreciation to every employee for the cooperation and good performance of each and every one. I would also like to thank all shareholders and supporters for their continued valuable support.



Mahidol Chantrangkum  
Chairman

November 22, 1999

To the Shareholders,

The Audit Committee consisted of 4 persons, all of whom are members on the Board of Directors and concern with neither administration nor company staff. We attended the meeting 5 times in order to discuss and interchange ideas upon the internal audit conclusion, evaluation of internal control and the total quality of financial statement including the process of producing the activities and financial report for the fiscal year 1999.

The Audit Committee has held a meeting with the Government Auditors to discuss the accounting audit for the fiscal year 1999 and was informed that it was not aware of any event, which would materially affect the company's operations.



(Mr. Sawatdiparp Kantatham)

Chairman of the Audit Committee

November 11, 1999



No. 0021/008

Office of the Auditor General of Thailand  
Rama VI Road, Phayathai, Bangkok 10400

This letter is given to confirm that the English version of the Report of Independent Auditor together with the financial statements for the years ended September 30, 1999 and 1998 of Thai Airways International Public Company Limited and the consolidated financial statements for the years ended September 30, 1999 and 1998 of Thai Airways International Public Company Limited and its subsidiaries was translated by Thai Airways International Public Company Limited. The Office of the Auditor General has reviewed the aforementioned translated Report of Independent Auditor and the financial statements and found that they were translated from that of the Thai version.

Given on November 26, 1999

A handwritten signature in blue ink, appearing to be 'P. D.' followed by a flourish.

(Pracharn Darbphachra)

Deputy Auditor General

For Auditor General

To : The Shareholders of Thai Airways International Public Company Limited

The Office of the Auditor General has audited the accompanying consolidated and the Company balance sheets as at September 30, 1999 and 1998, the related consolidated and the Company statements of income, changes in shareholders' equity, retained earnings and cash flows for the years then ended of Thai Airways International Public Company Limited and its subsidiaries. These financial statements are the responsibility of the Companies' management as to their correctness and completeness of the information. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on the audit.

The Office of the Auditor General conducted the audit in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General plans and performs 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 statement presentation. The Office of the Auditor General believes that the audit provides a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General, the consolidated and the Company financial statements referred to above present fairly, in all material respects, the consolidated and the Company financial position as at September 30, 1999 and 1998, the results of the consolidated and the Company operations, changes in the consolidated and the Company shareholders' equity and the consolidated and the Company cash flows for the years then ended of Thai Airways International Public Company Limited and its subsidiaries, in conformity with generally accepted accounting principles.

Without qualifying the opinion in the previous paragraph the Office of the Auditor General requests the observation to the following three paragraphs.

As described in Note 3.1 to the financial statements, in the year ended September 30, 1999 the Company changed its accounting policy with regard to income tax recognition, whereby deferred income tax is now recognized on the basis of temporary differences between the net book value of the assets and their tax base. The change has been made in order to comply with the revised accounting standards. The Company has restated its financial statements for the year ended September 30, 1998, as presented herein for a comparison, as though the new accounting policy on income tax has been observed. This resulted in a decrease in the beginning balance of 1999 accounting year retained earnings by Baht 237.29 million, and an increase in net profit and net profit per share in the consolidated and the Company statements of income for the year ended September 30, 1998 by Baht 237.29 million and Baht 0.17 respectively. However, net profit and net profit per share in the consolidated and the Company statements of income for the year ended September 30, 1999 were not affected.

As described in Note 3.2 to the financial statements, in the year ended September 30, 1999 the Company changed the estimated useful life of aircraft and aircraft engines from 14 years to 20 years to comply with actual useful life. This resulted in an increase in net profit and net profit per share in the consolidated and the Company statements of income for the year ended September 30, 1999 by Baht 2,312.10 million and Baht 1.65 respectively.

The Company has set up Staff Pension Fund of Thai Airways International Public Company Limited to which it contributes 10% of staff salary (which is lower than its obligations to pay for staff pension). The contribution is recognized as expense in the Company statement of income. However, the Company does not recognize yields from the Fund assets as its revenue and does not include assets, liabilities and the Fund balance in its balance sheet. The practices referred to are in compliance with Ministry of Finance regulation. Had the Company, in the year ended September 30, 1998, recognized yields from the Fund assets as revenue in its statement of income and included assets, liabilities and the Fund balance in its balance sheet, as well as paid the contribution to the Fund in the amount compatible to its obligations to pay for staff pension, its profit before income tax in the consolidated and the Company statements of income for the years ended September 30, 1999 and 1998 would have increased in the amount of Baht 165.20 million and decreased in the amount of Baht 550.59 million respectively, and assets and liabilities in the consolidated and the Company balance sheets as at September 30, 1999 and 1998 would have increased in the amount of Baht 2,984.54 million and Baht 1,934.95 million respectively (See Note 22 to the financial statements as a reference).

In addition, the Office of the Auditor General requests the observation to Note 24 to the financial statements in regard to a remedy of year 2000 computer problem which is not a qualification and is not included in the opinion on the financial statements in this report.

(Signed) *Pradharn Darbphechra*

(Pradharn Darbphechra)

Deputy Auditor General

for Auditor General

(Signed) *Oraphin Patamalikitkul*

(Oraphin Patamalikitkul)

Auditor-in-charge

Office of the Auditor General

November 15, 1999

## Balance Sheets

As of 30 September 1999 and 1998

ASSETS	Notes	CONSOLIDATED		THE COMPANY	
		1999 Baht	1998 Baht	1999 Baht	1998 Baht
<b>Current Assets</b>					
Cash and bank balances	4	4,976,584,047	3,948,429,538	4,828,418,880	3,808,429,538
Short-term investments		2,695,471,889	3,549,141,572	2,695,471,889	3,549,141,572
Accounts receivable (less allowance for doubtful accounts amounting to 668,865,519 Baht in 1999 and 690,680,076 Baht in 1998)	2.8 and 5	10,570,958,228	10,198,940,927	10,570,958,228	10,198,940,927
Inventories and supplies	2.3 and 6	3,760,593,391	4,406,102,523	3,760,593,391	4,406,102,523
Prepaid expenses and deposits		3,010,139,795	2,040,901,905	3,010,057,319	2,040,901,905
Tax refund		1,940,636,741	-	1,940,636,741	-
Other current assets	7	9,306,375,686	3,407,665,382	9,345,631,271	3,446,427,500
<b>Total Current Assets</b>		<b>36,260,759,777</b>	<b>27,551,181,847</b>	<b>36,151,767,719</b>	<b>27,449,943,965</b>
<b>Investments</b>					
Investment in associated companies	2.9 and 8	749,060,955	659,888,827	881,317,920	792,143,252
Other investments		220,240,950	251,636,691	220,240,950	251,636,691
<b>Total Investments</b>		<b>969,301,905</b>	<b>911,525,518</b>	<b>1,101,558,870</b>	<b>1,043,779,943</b>
<b>Property, Plant and Equipment - Net</b>					
Aircraft	2.1 and 9	61,600,176,445	67,920,096,230	61,600,176,445	67,920,096,230
Aircraft under capital leases		16,192,963,725	17,246,667,585	16,192,963,725	17,246,667,585
Revolving aircraft spare parts		7,543,716,554	5,799,757,171	7,543,716,554	5,799,757,171
Land, buildings and improvements		4,145,887,269	3,027,990,359	4,145,887,269	3,027,990,359
Other plant and equipment		4,806,709,926	4,461,021,514	4,806,709,926	4,461,021,514
<b>Total Property, Plant and Equipment - Net</b>		<b>94,289,453,919</b>	<b>98,455,532,859</b>	<b>94,289,453,919</b>	<b>98,455,532,859</b>
<b>Other Assets</b>					
Deferred charges	2.2	3,113,211,682	3,088,092,711	3,089,896,775	3,057,006,168
Concessions for acquisitions of aircraft and engines	2.4	9,478,198,057	18,274,236,240	9,478,198,057	18,274,236,240
Loan for investment in aircraft spare parts	10	40,146,686	109,614,248	40,146,686	109,614,248
Deferred income taxes	2.11	658,962,550	710,252,405	658,962,550	710,252,405
Other assets		-	1,722,184,190	-	1,722,184,190
<b>Total Other Assets</b>		<b>13,290,518,975</b>	<b>23,904,379,794</b>	<b>13,267,204,068</b>	<b>23,873,293,251</b>
<b>Total Assets</b>		<b>144,810,034,576</b>	<b>150,822,620,018</b>	<b>144,809,984,576</b>	<b>150,822,550,018</b>

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	CONSOLIDATED		THE COMPANY	
		1999 Baht	1998 Baht	1999 Baht	1998 Baht
<b>Current Liabilities</b>					
Accounts payable		2,276,492,113	1,954,351,085	2,276,492,113	1,954,351,085
Debts due within one year					
Long-term loans	11	13,826,672,173	8,121,222,218	13,826,672,173	8,121,222,218
Obligations under capital leases	2.7 and 12	5,666,290,057	3,992,025,161	5,666,290,057	3,992,025,161
<b>Other current liabilities</b>					
Accrued expenses		8,150,009,713	8,331,027,866	8,149,959,713	8,330,957,866
Accrued dividends	16	27,267,832	27,924,620	27,267,832	27,924,620
Accrued income taxes		-	230,001,197	-	230,001,197
Unearned transportation revenue		9,711,927,614	9,298,379,600	9,711,927,614	9,298,379,600
Other current liabilities		3,459,416,586	3,054,545,980	3,459,416,586	3,054,545,980
<b>Total Current Liabilities</b>		<b>43,118,076,088</b>	<b>35,009,477,727</b>	<b>43,118,026,088</b>	<b>35,009,407,727</b>
<b>Long-term Liabilities</b>					
Long-term loans	11	56,646,958,327	65,440,027,316	56,646,958,327	65,440,027,316
Obligations under capital leases	2.7 and 12	27,003,106,148	28,831,095,327	27,003,106,148	28,831,095,327
<b>Total Long-term Liabilities</b>		<b>83,650,064,475</b>	<b>94,271,122,643</b>	<b>83,650,064,475</b>	<b>94,271,122,643</b>
<b>Other Liabilities</b>					
Staff pension fund	13	183,405,511	17,086,534	183,405,511	17,086,534
Deferred concessions to reduce cost of aircraft	2.4 and 14	7,898,864,242	16,877,878,716	7,898,864,242	16,877,878,716
<b>Total Other Liabilities</b>		<b>8,082,269,753</b>	<b>16,894,965,250</b>	<b>8,082,269,753</b>	<b>16,894,965,250</b>
<b>Total Liabilities</b>		<b>134,850,410,316</b>	<b>146,175,565,620</b>	<b>134,850,360,316</b>	<b>146,175,495,620</b>
<b>Shareholders' Equity</b>					
<b>Share capital</b>					
Registered :					
1,600 million ordinary shares, par value of Baht 10 each		16,000,000,000	16,000,000,000	16,000,000,000	16,000,000,000
Issued and fully paid					
1,400 million ordinary shares of Baht 10 each		14,000,000,000	14,000,000,000	14,000,000,000	14,000,000,000
Share premium		4,750,000,000	4,750,000,000	4,750,000,000	4,750,000,000
<b>Retained earnings (deficit)</b>					
Appropriated					
Legal reserve	15	1,032,785,577	1,032,785,577	1,032,785,577	1,032,785,577
Unappropriated		(9,823,161,317)	(15,135,731,179)	(9,823,161,317)	(15,135,731,179)
<b>Total Shareholders' Equity</b>		<b>9,959,624,260</b>	<b>4,647,054,398</b>	<b>9,959,624,260</b>	<b>4,647,054,398</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>144,810,034,576</b>	<b>150,822,620,018</b>	<b>144,809,984,576</b>	<b>150,822,550,018</b>

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

(Signed) *Thamnoon Wanglee*  
(Thamnoon WangLee)  
President

(Signed) *Amnuay Chanya*  
(Amnuay Chanya)  
Executive Vice President, Finance and Information

## Statements of Income

for the years ended 30 September 1999 and 1998

	Notes	CONSOLIDATED		THE COMPANY	
		1999 Baht	1998 Baht	1999 Baht	1998 Baht
<b>Operating Revenues</b>					
Passenger and excess baggage		75,570,733,735	75,888,205,045	75,570,733,735	75,888,205,045
Freight		17,528,841,849	16,561,427,232	17,528,841,849	16,561,427,232
Mail		672,071,080	793,159,377	672,071,080	793,159,377
Other activities	17	13,881,305,498	12,250,492,247	13,881,305,498	12,250,492,247
<b>Total Operating Revenue</b>		<b>107,652,952,162</b>	<b>105,493,283,901</b>	<b>107,652,952,162</b>	<b>105,493,283,901</b>
<b>Other Revenues</b>					
Interest income		414,981,946	333,466,017	406,665,204	333,369,956
Other income	18	3,951,828,632	3,677,440,971	3,951,831,172	3,669,695,396
<b>Total Other Revenue</b>		<b>4,366,810,578</b>	<b>4,010,906,988</b>	<b>4,358,496,376</b>	<b>4,003,065,352</b>
<b>Total Revenues</b>		<b>112,019,762,740</b>	<b>109,504,190,889</b>	<b>112,011,448,538</b>	<b>109,496,349,253</b>
<b>Operating Expenses</b>					
Flight operations		14,931,326,877	16,796,196,667	14,931,326,877	16,796,196,667
Maintenance and overhaul		8,608,227,054	7,926,656,542	8,608,227,054	7,926,656,542
Ground operations		14,816,560,390	15,829,060,035	14,816,560,390	15,829,060,035
Passenger services		11,779,309,854	11,665,608,157	11,779,309,854	11,665,608,157
Marketing		11,347,191,489	11,613,787,920	11,347,191,489	11,613,787,920
Administration and general		1,780,774,003	1,477,827,556	1,772,478,161	1,469,985,920
Remuneration to board of directors		1,003,290	2,232,862	984,930	2,232,862
Lease of aircraft and spare parts		9,641,516,483	6,583,290,834	9,641,516,483	6,583,290,834
Depreciation of aircraft	2.1	5,778,768,659	9,444,074,418	5,778,768,659	9,444,074,418
Depreciation of other fixed assets	2.1	1,431,738,073	1,218,603,108	1,431,738,073	1,218,603,108
Other activities	17	10,373,021,736	9,748,512,635	10,373,021,736	9,748,512,635
<b>Total Operating Expenses</b>		<b>90,489,437,908</b>	<b>92,305,850,734</b>	<b>90,481,123,706</b>	<b>92,298,009,098</b>

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

	Notes	CONSOLIDATED		THE COMPANY	
		1999	1998	1999	1998
		Baht	Baht	Baht	Baht
<b>Other Expenses</b>					
Interest expenses		6,392,793,607	7,859,053,027	6,392,793,607	7,859,053,027
Losses on foreign currency exchange		8,053,047,731	2,674,240,853	8,053,047,731	2,674,240,853
Other expenses	19	691,785,122	1,396,812,146	691,785,122	1,396,812,146
<b>Total Other Expenses</b>		<b>15,137,626,460</b>	<b>11,930,106,026</b>	<b>15,137,626,460</b>	<b>11,930,106,026</b>
<b>Total Expenses</b>		<b>105,627,064,368</b>	<b>104,235,956,760</b>	<b>105,618,750,166</b>	<b>104,228,115,124</b>
Profit (losses) before income tax		6,392,698,372	5,268,234,129	6,392,698,372	5,268,234,129
Income tax	2.11	1,080,128,510	1,334,697,875	1,080,128,510	1,334,697,875
<b>Net profit (losses) for the year</b>		<b>5,312,569,862</b>	<b>3,933,536,254</b>	<b>5,312,569,862</b>	<b>3,933,536,254</b>
<b>Earnings (losses) per share :</b>					
Net profit (losses)		3.79	2.81	3.79	2.81

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

(Signed) *Thamnoon Wanglee*  
 (Thamnoon WangLee)  
 President

(Signed) *Amnuay Chanya*  
 (Amnuay Chanya)  
 Executive Vice President, Finance and Information

## Statements of Retained Earnings

for the years ended 30 September 1999 and 1998

	Notes	CONSOLIDATED		THE COMPANY	
		1999 Baht	1998 Baht	1999 Baht	1998 Baht
<b>Unappropriated retained earnings (deficit)</b>					
At beginning of the year		(15,373,026,746)	14,603,740,777	(15,373,026,746)	14,603,740,777
Adjustment of the year :					
- Losses on foreign currency exchange rate		-	(32,629,474,210)	-	(32,629,474,210)
- Income tax		-	1,241,278,034	-	1,241,278,034
- Cumulative effect of change in accounting policy income tax in accordance with the new revised accounting standard	3	237,295,567	-	237,295,567	-
<b>Unappropriated retained earnings (deficit) at beginning of the year after adjustment</b>					
		(15,135,731,179)	(16,784,455,399)	(15,135,731,179)	(16,784,455,399)
<b>Add</b> Profit for the year		5,312,569,862	3,933,536,254	5,312,569,862	3,933,536,254
<b>Less</b> Legal reserve		-	(184,812,034)	-	(184,812,034)
<b>Less</b> Dividends		-	(2,100,000,000)	-	(2,100,000,000)
<b>Total unappropriated retained earnings (deficit)</b>		<b>(9,823,161,317)</b>	<b>(15,135,731,179)</b>	<b>(9,823,161,317)</b>	<b>(15,135,731,179)</b>
<b>Appropriated retained earnings :</b>					
- Legal reserve		1,032,785,577	1,032,785,577	1,032,785,577	1,032,785,577
<b>Total appropriated retained earnings</b>		<b>1,032,785,577</b>	<b>1,032,785,577</b>	<b>1,032,785,577</b>	<b>1,032,785,577</b>
<b>Total retained earnings (deficit) at end of the year</b>		<b>(8,790,375,740)</b>	<b>(14,102,945,602)</b>	<b>(8,790,375,740)</b>	<b>(14,102,945,602)</b>

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

(Signed) *Thamnoon Wanglee*  
(Thamnoon Wanglee)  
President

(Signed) *Amnuay Chanya*  
(Amnuay Chanya)  
Executive Vice President, Finance and Information

## Statements of Changes in Shareholders' Equity

for the years ended 30 September 1999 and 1998

	Notes	CONSOLIDATED		THE COMPANY	
		1999 Baht	1998 Baht	1999 Baht	1998 Baht
<b>Share capital</b>					
Common stocks					
At beginning of the year		14,000,000,000	14,000,000,000	14,000,000,000	14,000,000,000
Increase during the year		-	-	-	-
At end of the year		14,000,000,000	14,000,000,000	14,000,000,000	14,000,000,000
<b>Capital Surplus</b>					
Premium on share capital					
At beginning of the year		4,750,000,000	4,750,000,000	4,750,000,000	4,750,000,000
Increase during the year		-	-	-	-
At end of the year		4,750,000,000	4,750,000,000	4,750,000,000	4,750,000,000
<b>Retained earnings (deficit)</b>					
Appropriated					
Legal reserve					
At beginning of the year		1,032,785,577	847,973,543	1,032,785,577	847,973,543
Increase during the year		-	184,812,034	-	184,812,034
At end of the year		1,032,785,577	1,032,785,577	1,032,785,577	1,032,785,577
Unappropriated					
Balance at beginning of the year, before adjusting		(15,373,026,746)	14,603,740,777	(15,373,026,746)	14,603,740,777
Losses on foreign currency exchange rate		-	(32,629,474,210)	-	(32,629,474,210)
Income tax		-	1,241,278,034	-	1,241,278,034
Cumulative effect of change in accounting policy income tax in accordance with the new revised accounting standard	3	237,295,567	-	237,295,567	-
Balance at beginning, after adjusting		(15,135,731,179)	(16,784,455,399)	(15,135,731,179)	(16,784,455,399)
Increase (decrease) during the year		5,312,569,862	3,748,724,220	5,312,569,862	3,748,724,220
Dividends		-	(2,100,000,000)	-	(2,100,000,000)
At end of the year		(9,823,161,317)	(15,135,731,179)	(9,823,161,317)	(15,135,731,179)
<b>Total shareholders' equity</b>		<b>9,959,624,260</b>	<b>4,647,054,398</b>	<b>9,959,624,260</b>	<b>4,647,054,398</b>

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

(Signed) *Thamnoon Wanglee*  
(Thamnoon WangLee)  
President

(Signed) *Amnuay Chanya*  
(Amnuay Chanya)  
Executive Vice President, Finance and Information

## Statements of Cash Flows

for the years ended 30 September 1999 and 1998

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>				
Net profit (losses) for the year	5,312,569,862	3,933,536,254	5,312,569,862	3,933,536,254
Reconciled net profit as net cash flows from				
Operating activities :				
Depreciation	7,210,506,732	10,662,677,526	7,210,506,732	10,662,677,526
Profit sharing from joint venture				
according to equity method	(160,075,104)	(14,817,296)	(160,077,644)	(7,071,721)
Gains on sales of assets	(2,459,730,847)	(3,178,803,292)	(2,459,730,847)	(3,178,803,292)
Amortization of deferred charges	1,053,103,576	961,317,495	1,045,331,940	953,545,859
Amortization of losses on foreign				
currency exchange	8,418,964,568	4,911,931,236	8,418,964,568	4,911,931,236
Allowance for doubtful accounts and				
reserve for obsolete inventories	514,769,929	154,337,439	514,769,929	154,337,439
	19,890,108,716	17,430,179,362	19,882,334,540	17,430,153,301
Accounts receivable (increase)	(6,080,069,703)	(1,932,583,704)	(6,080,543,170)	(1,971,345,822)
Inventories and supplies (increase) decrease	216,645,742	(339,121,013)	216,645,742	(339,121,013)
Prepaid expenses and deposits (increase)	(818,440,117)	(1,041,998,195)	(818,357,641)	(1,041,998,195)
Deferred charges (increase)	(1,078,222,548)	(1,161,394,776)	(1,078,222,548)	(1,122,536,597)
Tax refund (increase)	(1,940,636,741)	-	(1,940,636,741)	-
Deferred income taxes (increase) decrease	51,289,855	(710,252,405)	51,289,855	(710,252,405)
Accounts payable and accrued				
expenses increase (decrease)	(13,989,995)	2,779,528,231	(13,989,995)	2,779,458,231
Unearned transportation revenue increase	413,548,014	1,413,464,936	413,548,014	1,413,464,936
Net cash provided by operating activities	10,640,233,223	16,437,822,436	10,632,068,056	16,437,822,436

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

	CONSOLIDATED		THE COMPANY	
	1999	1998	1999	1998
	Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>				
Short-term investments (increase) decrease	1,261,953,450	(2,669,942,665)	1,261,953,450	(2,669,942,665)
Concessions for acquisitions of aircraft and engines (increase) decrease	(193,686,230)	358,194,556	(193,686,230)	358,194,556
Fixed assets (increase)	(3,065,199,695)	(5,906,773,286)	(3,065,199,695)	(5,906,773,286)
Income from assets sold	4,202,686,941	7,423,280,337	4,202,686,941	7,423,280,337
Investments decrease	102,219,710	244,937,519	102,219,710	104,937,519
Loan for investment in aircraft spare parts (increase) decrease	67,920,200	(38,285,000)	67,920,200	(38,285,000)
Other assets (increase) decrease	-	(1,140,062,723)	-	(1,140,062,723)
Net assets value transferred higher than liabilities (decrease)	-	(95,164,356)	-	(95,164,356)
Net cash (used in) provided by investing activities	2,375,894,376	(1,823,815,618)	2,375,894,376	(1,963,815,618)
<b>Cash flows from financing activities</b>				
Repayments to short-term loans	-	(1,830,850,000)	-	(1,830,850,000)
Repayments to long-term loans	(12,112,368,677)	(9,826,091,285)	(12,112,368,677)	(9,826,091,285)
Dividends paid	(656,787)	(2,095,854,915)	(656,787)	(2,095,854,915)
Net cash used in financing activities	(12,113,025,464)	(13,752,796,200)	(12,113,025,464)	(13,752,796,200)
Net increase (decrease) in cash and cash equivalents	903,102,135	861,210,618	894,936,968	721,210,618
Cash and cash equivalents at beginning of the year	3,948,429,538	3,229,870,921	3,808,429,538	3,229,870,921
Effects of exchange rate changes on cash and cash equivalents	125,052,374	(142,652,001)	125,052,374	(142,652,001)
<b>Cash and cash equivalents at end of the year</b>	<b>4,976,584,047</b>	<b>3,948,429,538</b>	<b>4,828,418,880</b>	<b>3,808,429,538</b>
Supplementary cash flows information :				
Net cash paid during the year for				
Interest paid	6,446,482,382	6,982,816,237	6,446,482,382	6,982,816,237
Income tax	3,199,476,595	900,168,838	3,199,476,595	900,168,838

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

(Signed) *Thamnoon Wanglee*  
(Thamnoon WangLee)  
President

(Signed) *Amnuay Chanya*  
(Amnuay Chanya)  
Executive Vice President, Finance and Information

## Notes to the Financial Statements

for the years ended 30 September 1999 and 1998

### 1 PRINCIPLE FOR PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are the consolidated financial statements of Thai Airways International Public Company Limited, Thai-Amadeus Southeast Asia Company Limited and Thai Information Solution Company Limited. The Company records investment in these subsidiary companies under the equity method. Significant transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

The Company holds 100% of shares in these two subsidiary companies which have not began their operations in this fiscal year.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Property, plant and equipment

##### *Aircraft and aircraft under capital leases*

Aircraft are recorded at cost including, where applicable, costs of decorations, acquisition costs, interest incurred prior to the aircraft being placed into service, deducted by discount from concessions for acquisitions of aircraft. Depreciation is calculated on the straight-line method over the estimated useful life of 20 years with the salvage value of 10 % of cost.

##### *Revolving aircraft spare parts*

Revolving aircraft spare parts are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful life of 5 - 20 years.

##### *Other fixed assets*

Other fixed assets are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful life of 5 - 20 years.

Cost of leasehold premises is amortized over a period of 10 years.

#### 2.2 Deferred charges

Maintenance and overhaul costs of aircraft (D Check) are amortized over the number of years of each aircraft type before its next overhaul, being between 4-7 years. Other deferred charges are amortized over 5 years.

#### 2.3 Inventories and supplies

Inventories and supplies consist of spare parts, supplies, accessories, and inventories.

Inventories are stated at the lower of weighted average cost or net realisable value. Reserve for obsolete and damaged inventories is fully made at the amount of separated account for disposal.

#### 2.4 Concessions for acquisitions of aircraft and engines

Concessions received under contracts for acquisition and sales of aircraft and engines are recorded as "Concessions for acquisitions of aircraft and engines" (other assets), together with "Deferred concessions to reduce cost of aircraft" (other liabilities). When aircraft and engines are received, the entire concessions under contractual agreements have been transferred from "Deferred concessions to reduce cost of aircraft" to reduce cost of received aircraft. When assets or services under the concessions are received, the concessions for acquisitions of aircraft and engines will be transferred to assets or expenses as is the case.

#### 2.5 Airline revenue recognition

2.5.1 Unearned transportation revenues are recorded as income when services are rendered through the company's carriers.

2.5.2 Unredeemed revenues are recognised as additional income in each year on the following basis :

- (a) Unredeemed passenger revenue based on all sales of the company's unflown tickets outstanding for over two years.
- (b) Unredeemed freight revenue based on all items which are not billed by the interline carrier within one year.
- (c) Unredeemed service order over two years are recognised as an additional revenue for the whole amount.

2.5.3 Since fiscal year 1993, the Company has introduced the Royal Orchid Plus Project - the special rights to use future services. Adjustment for this transaction is made by deducting passenger revenues and recording as unearned transportation revenues which are recognized as income when the members use this service.

## 2.6 Foreign currency transactions

Foreign currency transactions are translated into Baht at the exchange rates which are calculated from the average exchange rate of the Bank of Thailand and commercial banks in the month in which transactions occur.

Assets and liabilities denominated in foreign currency remaining at the year-end are translated into Baht at commercial banks' average buying and selling rates, as determined by the Bank of Thailand. The gains or losses on exchange rate are recognized as income or expenses in the period incurred.

## 2.7 Obligations under capital leases

Obligations under capital leases of aircraft with various foreign financial institutions are recorded at cost including decorations, being considered as financial lease. (Note 12)

## 2.8 Allowance for doubtful accounts

The allowance for doubtful accounts is set up for accounts receivable - trade (excluding those from government agencies and state enterprises) which is over six months overdue at the following rates :

Period of overdue	Percentage of allowance for doubtful accounts
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100

## 2.9 Investments

2.9.1 Investments in subsidiary and associated companies are recorded under equity method.

2.9.2 Other investments are recorded under cost method.

## 2.10 Staff provident fund

Staff provident fund was established on June 26, 1992. The Company contributes 9-10 % of member staff salaries to the fund.

## 2.11 Income tax

Tax expense or Income tax of the Company consists of the current tax which is calculated in accordance with the Revenue Code and deferred tax asset which is calculated from the temporary differences between the net book value of the assets and its tax base.

## 2.12 Expenses in developing or modifying computer system

Expenses in developing computer system which increase its capability or efficiency are recorded as assets.

Expenses arising from modifying computer system in order to solve the year 2000 problem are recorded as entire expenses when incurred.

## 2.13 Earnings ( losses) per share

Earnings (losses) per share are calculated by dividing net profit (loss) by the number of weighted average shares.

## 3 THE IMPACT ON THE CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATE

In 1999 fiscal year, the Company has changed the accounting policy and accounting estimate for the following two items :

3.1 The Company has changed its accounting policy with regard to income tax, whereby deferred income tax is now recognized on the basis of temporary differences between the net book value of the assets and its tax base. The change has been made in order to comply with the revised accounting standards. For comparison with this period, the Company has adjusted its previous financial statements ended September 30, 1998, as though the Company had consistently followed the new accounting policy. The change affected the decrease in deficit at beginning of the year amounting to 237.29 million Baht, the increase in net profit in previous period amounting to 237.29 million Baht, and the increase in earnings per share amounting to 0.17 Baht. However, it does not impact on net profit and earnings per share in this period.

3.2. The Company has changed the estimated useful life of aircraft and aircraft engines, revolving aircraft spare parts, from 14 years to 20 years since October 1, 1998 in order to reflect their real utilization. This affected the decrease in depreciation amounting to 3,303 million Baht and the increase in net profit and earning per share by 2,312.10 million Baht and 1.65 Baht respectively.

#### 4 CASH AND BANK BALANCES

(Million Baht)

	Consolidated		The Company	
	1999	1998	1999	1998
Cash in Thailand	12.57	10.78	12.57	10.78
Cash in stations abroad	12.50	12.73	12.50	12.73
Bank in Thailand	1,412.24	1,515.86	1,264.08	1,375.86
Bank in station abroad	3,539.27	2,409.06	3,539.27	2,409.06
<b>Total</b>	<b>4,976.58</b>	<b>3,948.43</b>	<b>4,828.42</b>	<b>3,808.43</b>

#### 5 TRADE ACCOUNTS RECEIVABLE

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

(Million Baht)

Period of overdue	Consolidated		The Company	
	1999	1998	1999	1998
not over 6 months	10,516.51	10,235.41	10,516.51	10,235.41
Over 6 months to 1 year	40.80	156.12	40.80	156.12
Over 1 year to 2 years	136.19	27.76	136.19	27.76
Over 2 years	546.32	470.33	546.32	470.33
	11,239.82	10,889.62	11,239.82	10,889.62
Allowance for doubtful accounts	(668.86)	(690.68)	(668.86)	(690.68)
<b>Total</b>	<b>10,570.96</b>	<b>10,198.94</b>	<b>10,570.96</b>	<b>10,198.94</b>

#### 6 INVENTORIES AND SUPPLIES

(Million Baht)

	Consolidated		The Company	
	1999	1998	1999	1998
Aircraft spare parts	2,331.75	2,124.00	2,331.75	2,124.00
Vehicle spare parts and ground supporting equipment	143.39	149.57	143.39	149.57
Unused aircraft spare parts and spare parts for sale	1,308.05	1,484.49	1,308.05	1,484.49
Fuel and oil for aircraft	41.33	21.33	41.33	21.33
Cabin supplies	295.85	367.29	295.85	367.29
Food, supplies and other consumable materials	149.85	173.31	149.85	173.31
Stationery and office supplies	89.50	79.82	89.50	79.82
Purchased aircraft spare parts for sale	13.44	46.81	13.44	46.81
Inventories in transit	25.43	167.46	25.43	167.46
Aircraft spare parts in transit	199.18	177.44	199.18	177.44
Obsolete and damaged inventories for disposal	19.34	42.24	19.34	42.24
	4,617.11	4,833.76	4,617.11	4,833.76
<b>Less : Reserve for obsolete inventories</b>				
aircraft spare parts	(856.52)	(427.66)	(856.52)	(427.66)
<b>Total</b>	<b>3,760.59</b>	<b>4,406.10</b>	<b>3,760.59</b>	<b>4,406.10</b>

Aircraft spare parts amounted to 2,331.75 million Baht are depreciated at the rate of 10% at the amount of 233.17 million Baht. Unused aircraft spare parts and spare parts for none-exist aircraft in the fleet which are separated for sales within 3 years amounting to 1,308.05 million Baht are depreciated at 604.01 million Baht. Reserve for obsolete inventories is 19.34 million Baht. Thus, total reserve for inventories amounts to 856.52 million Baht.

## 7 OTHER CURRENT ASSETS

(Million Baht)

	Consolidated		The Company	
	1999	1998	1999	1998
Receivable - IATA	580.53	528.99	580.53	528.99
Loans to aircraft companies	6,299.12	885.95	6,299.12	885.95
Loans to employees	35.98	31.03	35.98	31.03
Loans to subsidiary companies	-	-	39.42	38.86
Other receivable	1,249.94	625.53	1,249.94	625.53
Accrued income	183.27	354.23	183.10	354.13
Value added tax	1,065.26	981.94	1,065.26	981.94
	9,414.10	3,407.67	9,453.35	3,446.43
Less Provision for doubtful debt	(107.72)	-	(107.72)	-
<b>Total</b>	<b>9,306.38</b>	<b>3,407.67</b>	<b>9,345.63</b>	<b>3,446.43</b>

Loans to subsidiary companies amounting to 39.42 million Baht were pre-operating expenses which the Company had paid for Thai Information Solution Company Limited amounting to 37.32 million Baht and for Thai - Amadeus Southeast Asia Company Limited amounting to 2.10 million Baht.

Loans to aircraft companies amounting to 6,299.12 million Baht consist of reimbursement for advance payments of three aircraft amounting to 6,130.36 million Baht and market subsidy for sales of old aircraft amounting to 168.76 million Baht.

## 8 INVESTMENTS (THE COMPANY)

8.1 Investments in subsidiary and associated companies are recorded under equity method.

(Million Baht)

	Percentage of Shareholding		Investment Amount		Profit Sharing	
	1999	1998	1999	1998	1999	1998
<b>Subsidiary Companies</b>						
Thai Information Solution Company Limited (paid 25% of registered shares)	100	100	117.87	117.59	0.28	(7.41)
Thai - Amadeus Southeast Asia Company Limited	100	100	14.39	14.66	(0.28)	(0.34)
<b>Total</b>			<b>132.26</b>	<b>132.25</b>	<b>-</b>	<b>(7.75)</b>
<b>Associated Companies</b>						
Royal Orchid Hotel (Thailand) Public Co., Ltd. (Market value of 1999 amounting to 365.63 million Baht and 1998 amounting to 286.88 million Baht)	24	24	274.89	238.60	41.92	(89.69)
Air Lanka Catering Services Limited	-	-	-	-	-	40.21
Donmuang International Airport Hotel Company Limited	40	40	189.98	154.87	83.10	19.07
Bangkok Aviation Fuel Services Public Company Limited	30.7	30.7	277.42	266.42	28.28	65.49
Phuket Air Catering Company Limited	30	30	6.77	-	6.78	(20.26)
<b>Total</b>			<b>749.06</b>	<b>659.89</b>	<b>160.08</b>	<b>14.82</b>
<b>Total investment in subsidiary and associated companies</b>			<b>881.32</b>	<b>792.14</b>	<b>160.08</b>	<b>7.07</b>

8.2 Other investments are recorded under cost method.

	(Million Baht)					
	Percentage of Shareholding		Investment Amount		Profit Sharing	
	1999	1998	1999	1998	1999	1998
Fuel Pipeline Transportation Limited	8.4	16.7	133.00	133.00	-	-
AMADEUS MARKETING, S.A	8	8	-	36.90	51.25	-
Aeronautical Radio of Thailand Limited	4.3	4.3	35.58	29.84	-	-
SITA Investment Certificate			48.14	48.38	-	-
TRADESIAM Company Limited (paid 25% of registered shares)	3.5	3.5	1.75	1.75	-	-
Other Shares			1.77	1.77	0.07	0.07
<b>Total other investments</b>			<b>220.24</b>	<b>251.64</b>	<b>51.32</b>	<b>0.07</b>
<b>Total investments</b>			<b>1,101.56</b>	<b>1,043.78</b>	<b>211.40</b>	<b>7.14</b>

In this fiscal year, the Company has withdrawn the investment from AMADEUS MARKETING, SA amounting to 2.06 million EURO or equivalent to 82.60 million Baht, of which 31.35 million Baht is the equity and 51.25 million Baht is the interest.

With regard to the going concern problem of Pipeline Transportation Limited, this company has achieved in loan recovery negotiation by arranging debt restructuring contract with its lenders signed on March 3, 1999 by converting loans to preferred stocks amounting to 796 million Baht. As a consequence, the proportion of the Company's stocks decreases from 16.7% to 8.4%

#### 9 PROPERTY, PLANT AND EQUIPMENT - NET

	(Million Baht)			
	Consolidated		The Company	
	1999	1998	1999	1998
<b>Aircraft</b>				
Advance payments for aircraft on order	8,124.26	15,876.64	8,124.26	15,876.64
38 Aircraft	89,126.81	90,214.28	89,126.81	90,214.28
19 Aircraft under capital leases	33,591.23	33,567.43	33,591.23	33,567.43
57 Total Aircraft	130,842.30	139,658.35	130,842.30	139,658.35
Revolving aircraft spare parts	19,327.45	16,585.53	19,327.45	16,585.53
<b>Other fixed assets</b>				
Land, building and improvements	9,259.29	7,795.48	9,259.29	7,795.48
Other plant and equipment	16,246.40	14,919.94	16,246.40	14,919.94
Total other fixed assets	25,505.69	22,715.42	25,505.69	22,715.42
<b>Total</b>	<b>175,675.44</b>	<b>178,959.30</b>	<b>175,675.44</b>	<b>178,959.30</b>
Less : Accumulated depreciation	81,385.99	80,503.77	81,385.99	80,503.77
<b>Net fixed assets</b>	<b>94,289.45</b>	<b>98,455.53</b>	<b>94,289.45</b>	<b>98,455.53</b>

At beginning of year, the Company had got 45 aircraft. In this fiscal year, one Boeing 747-400 with a cost of 5,320.43 million Baht was received while seven aircraft with a book value of 758.80 million Baht were sold at a price of 2,616.95 million Baht. The Company has gains on sales of aircraft amounting to 1,557.16 million Baht after deducting overhaul expenses amounting to 300.99 million Baht.

The Company wrote off an accident aircraft with a book value of 267.45 million Baht. The Company received a compensation from the insurance company amounting to 680.12 million Baht. Therefore the Company gains on aircraft insurance amounting to 412.67 million Baht.

Revolving aircraft spare parts consist of aircraft engines of GE (GENERAL ELECTRIC), PW (PRATT AND WHITNEY), ROLLS-ROYCE, TEXTRON LYCOMING, and other revolving aircraft spare parts.

For other plant and equipment, the Company has received the SECOND MAINTENANCE CENTER (UTAPOA) and CREW CENTER with the total cost of 2,218.97 million Baht in this fiscal year.

#### 10. LOAN FOR INVESTMENT IN AIRCRAFT SPARE PARTS

In this fiscal year, the Company has signed a technical contract with SR TECHNICS for maintenance of MD-11 TECHNICAL SUPPORT AND MAINTENANCE MD-11 amounting to 2.80 million USD by receiving the interest on this loan at the rate of 6.5% per annum. The balance at end of this fiscal year amounted to 0.98 million USD or equivalent to approximately 40.15 million Baht.

#### 11. LONG - TERM LOANS (CONSOLIDATED AND THE COMPANY)

(Million Baht)

Currency loans	Balance of Currency Loans		Balance of Currency Loans	
	1999	1998	1999	1998
JPY	30,000,000,000	40,000,000,000	11,616.99	11,715.96
USD	1,327,299,831	1,421,216,506	54,597.02	56,100.67
THB	4,259,621,965	5,744,615,526	4,259.62	5,744.62
Total Long-term loans			70,473.63	73,561.25
Less : Amount due within one year			13,826.67	8,121.22
Amount Due Long-term			56,646.96	65,440.03

The Company has engaged in a contractual long-term loans to purchase aircraft. In this fiscal year, the balance of 27 aircraft amounted to 70,473.63 million Baht comprises 12,975.91 million Baht from foreign loans with the interest rate of 4.93% - 6.91% per annum, and 57,497.72 million Baht from domestic loans with the interest rate of 4.95% - 10.35% per annum.

#### 12. OBLIGATIONS UNDER CAPITAL LEASES (CONSOLIDATED AND THE COMPANY)

(Million Baht)

Currency loans	Balance of Currency Loans		Balance of Currency Loans	
	1999	1998	1999	1998
JPY	34,236,264,146	36,519,768,917	13,257.41	10,696.60
USD	426,732,178	502,105,681	17,553.16	19,819.97
FRF	142,594,476	169,658,775	955.46	1,198.83
DEM	40,223,516	46,806,860	903.37	1,107.72
Present value of obligations under capital leases			32,669.40	32,823.12
Less : Amount due within one year			5,666.29	3,992.03
Amount Due Long-term			27,003.11	28,831.09

The Company has contractual agreements with 17 foreign financial institutions. The accounting policy for recording aircraft under capital leases is described in Note 2.7. In this fiscal year, there are 19 aircraft left constituting the Company obligations under capital leases for the payment due in 1999 - 2007, totalling 38,401.05 million Baht. After deducting the due interest of 5,731.65 million Baht, the present value of obligations under capital leases is 32,669.40 million Baht.

#### 13. STAFF PENSION FUND LIABILITIES

The Company's liability to staff pension fund at beginning of the year amounted to 17.09 million Baht. In this fiscal year, the company provided for an additional 368.11 million Baht, thereby increasing the liability to 385.20 million Baht. The Company, at the same time, made payments of 201.79 million Baht to the staff fund, leaving a balance of 183.41 million Baht.

#### 14. DEFERRED CONCESSIONS TO REDUCE COST OF AIRCRAFT

The Company has the right to receive concessions under contracts for acquisition and sales of aircraft and engines. The balance at end of the fiscal year amounting to 192.03 million USD or approximately 7,898.86 million Baht derived from the balance brought forward from previous year amounting to 427.57 million USD or approximately 16,877.88 million Baht, a transfer of 19.00 million USD to reduce cost of aircraft as described in Note No. 2.4, and an adjustment due to sale of the right in purchasing 9 aircraft amounting to 216.54 million USD.

#### 15. LEGAL RESERVE

As at end of the previous year, the Company's legal reserve amounted to 1,032.78 million Baht. In this fiscal year, the net profits is lower than the brought forward deficit. Therefore, the Company did not have to provide legal reserve, following Section 116 of the Public Companies Act.

#### 16. DIVIDENDS

Accrued dividends totalling 27.27 million Baht consist of dividends for which shareholders have not yet cashed their cheques and dividends for which the registrar cannot contact shareholders.

#### 17. OTHER ACTIVITIES

The results of other activities of the Company are as follows :

	(Million Baht)					
	Revenues		Expenses		Profit (Loss)	
	1999	1998	1999	1998	1999	1998
Catering Services	3,204.61	3,068.07	2,332.32	2,316.92	872.29	751.15
Domestic catering & restaurant	988.71	952.15	777.67	786.51	211.04	165.64
Limousine services	269.98	264.47	314.39	301.37	(44.41)	(36.90)
Ground handling and services to air carriers	9,050.27	7,525.89	6,864.08	6,181.52	2,186.19	1,344.37
Sales on board	113.78	199.54	53.88	133.65	59.90	65.89
Agent distribution services	253.96	240.37	30.68	28.54	223.28	211.83
<b>Total</b>	<b>13,881.31</b>	<b>12,250.49</b>	<b>10,373.02</b>	<b>9,748.51</b>	<b>3,508.29</b>	<b>2,501.98</b>

Profits from other activities do not include any distribution cost from general and administration expenses such as depreciation, interest and loss on exchange rate, etc.

#### 18. OTHER INCOME

	(Million Baht)			
	Consolidated		The Company	
	1999	1998	1999	1998
Revenue from insurance compensation	414.06	25.88	414.06	25.88
Gains on sales of assets	2,459.73	3,178.80	2,459.73	3,178.80
Revenue from investment	211.40	14.89	211.40	7.14
Penalty revenue from delayed delivery aircraft	-	138.65	-	138.65
Other income	866.64	319.22	866.64	319.22
<b>Total</b>	<b>3,951.83</b>	<b>3,677.44</b>	<b>3,951.83</b>	<b>3,669.69</b>

## 19. OTHER EXPENSES

(Million Baht)

	Consolidated		The Company	
	1999	1998	1999	1998
Bad and doubtful debts	152.86	233.18	152.86	233.18
Credit card fees	168.67	154.41	168.67	154.41
Compensation to customers for damages	78.30	81.29	78.30	81.29
Expenses for grounded aircraft	1.16	11.23	1.16	11.23
Penalty in delaying received aircraft	-	674.71	-	674.71
Other expenses	290.80	241.99	290.80	241.99
<b>Total</b>	<b>691.79</b>	<b>1,396.81</b>	<b>691.79</b>	<b>1,396.81</b>

## 20. LEASE AIRCRAFT

The Company signed the operating leases with foreign companies totalling 18 aircraft, 12 aircraft in the previous period and 6 aircraft in this period, with the lease term of 10-11 years. The Company has an obligation to pay the lease over the lease term amounting to 1,778 million USD or approximately 73,136.07 million Baht.

## 21. RESULTS OF OPERATIONS (THE COMPANY)

The operation results for the year 1999 as compared to 1998 are summarized as follows :

(Million Baht)

	The Company		Increase (Decrease)
	1999	1998	
Operating Revenues			
Traffic	93,771.64	93,242.79	528.85
Others	13,881.31	12,250.49	1,630.82
<b>Total</b>	<b>107,652.95</b>	<b>105,493.28</b>	<b>2,159.67</b>
Operating Expenses			
Traffic	80,108.10	82,549.50	(2,441.40)
Others	10,373.02	9,748.51	624.51
<b>Total</b>	<b>90,481.12</b>	<b>92,298.01</b>	<b>(1,816.89)</b>
Operating Profit			
Traffic	13,663.54	10,693.29	2,970.25
Others	3,508.29	2,501.98	1,006.31
<b>Total</b>	<b>17,171.83</b>	<b>13,195.27</b>	<b>3,976.56</b>
Other Revenues (Expenses)			
Interest expenses	(6,392.79)	(7,859.05)	(1,466.26)
Interest income	406.67	333.37	73.30
Losses on exchange rate	(8,053.05)	(2,674.24)	5,378.81
Other expenses	(691.79)	(1,396.81)	(705.02)
Other income	3,951.83	3,669.69	282.14
<b>Total</b>	<b>(10,779.13)</b>	<b>(7,927.04)</b>	<b>2,852.09</b>
Profit (losses) before income tax	6,392.70	5,268.23	1,124.47
Less : Income tax	1,080.13	1,334.69	(254.56)
<b>Net profit (losses) for the year</b>	<b>5,312.57</b>	<b>3,933.54</b>	<b>1,379.03</b>

Net profit for the year 1998 has already adjusted the impact on changing these accounting policies.

## 22. STAFF PENSION FUND

The Company's staff pension fund is established in order to pay to the staff who retire or resign from the Company without breaking any regulation in accordance with the Company's regulations. The Company monthly contributes 10% of its employees' salaries to the fund. The change in pension fund are as follows :

	(Million Baht)	
	1999	1998
At beginning of the year	2,057.93	1,814.79
Contributing during the year	368.11	196.39
Paid and transferred to provident fund	(81.76)	(120.07)
	2,344.28	1,891.11
Net income during the period	93.32	166.82
At end of the year	2,437.60	2,057.93
The obligation to pay pension fund	(2,934.49)	(2,680.02)
Book value under the obligation	(496.89)	(622.09)

## 23. CONTINGENT LIABILITIES

23.1 The Company has contingent liabilities resulting from the following commitments :

	(Million Baht)	
	The Company	
	1999	1998
Letters of guarantee issued by banks	4.62	22.76
The company as defendant in		
Labour dispute case	8.59	11.31
Cost for damages	437.20	425.73
Case relating to aircraft accident in Nepal in 1992 which is under the insurance company's liabilities	164.26	698.87
<b>Total</b>	<b>614.67</b>	<b>1,158.67</b>

### 23.2 THAI's plane crashed in Surat Thani

THAI's plane crashed in Surat Thani province on December 11, 1998. The damage from the aforesaid case cannot be estimated at this time. Before the end of September 30, 1999, the Company has advanced 335.46 million Baht and received some part of compensation amounting to 388.05 million Baht from the insurance company. The majority of these expenses is under the insurance company's liabilities.

## 24. PROBLEM SOLVING PROJECT FOR COMPUTER YEAR 2000 (Y2K)

(Unaudited, and not covered by the auditors' report)

The Company has considered the importance of modification of computer system to be ready to operate as usual in the year 2000 by starting solving since 1996. The committee has been set up to be responsible for solving the Y2K problems in order to achieve this target. The Company provided 300.00 million Baht budget to solve all the problems. As at September 30, 1999, the Company has already spent 144.15 million Baht of which 50.84 million Baht were invested in equipment.

Although the Company is confident that the modification of all computer systems will be completed by September 1999, it still faces with an uncertainty arising from other firms that the Company deals with being unable to modify the mentioned system in time. However, the Company expected that there will be no material effect on its operation.

## 25. THE CALCULATION OF TAXABLE GAINS OR LOSSES ON FOREIGN CURRENCY EXCHANGE

The Company calculated gains or losses on foreign currency exchange rate to pay company income tax for the period ended in or after July 2, 1997 according to the No. 2(1) of the Revenue Department order No. 72/1997 dated July 24, 1997.

		1999	1998	1997	1996	1995
Number of Aircraft		79	77	76	73	69
Flight Hours	(Block Hours)	244,065	238,696	233,495	211,818	201,973
Available Ton-Kilometres	(Million)	7,309	6,838	6,473	5,789	5,469
Revenue Ton-Kilometres	(Million)	5,097	4,585	4,466	3,940	3,755
Load Factor	(%)	69.7	67.0	69.0	68.1	68.7
Number of Passengers	(000)	16,331	15,199	15,178	14,308	12,834
Available Seat-Kilometres	(Million)	51,788	48,557	45,353	42,099	39,795
Revenue Passenger-Kilometres	(Million)	37,642	32,969	31,288	29,226	26,558
Cabin Factor	(%)	72.7	67.9	69.0	69.4	66.7
Available Dead Load Ton-Kilometres	(Million)	2,648	2,468	2,391	2,000	1,864
Revenue Freight Ton-Kilometres	(Million)	1,644	1,548	1,598	1,266	1,320
Freight Load Factor	(%)	62.1	62.7	66.8	63.3	70.8
Number of Personnel	(People)	24,148	24,222	24,072	22,136	21,541
Profitability (Result before Tax)	(Million Baht)	6,392.7	5,268.2	4,004.1	4,885.6	4,595.6

Notes : (1) All data shown for fiscal year from October 1 - September 30, or as of September 30.

(2) The changing of accounting policies in fiscal year 1999 are not applicable to those used in the previous years.

### Definition of Aviation Terms

- **Available Ton-Kilometres (AIK)**  
Capacity offered for sale expressed as aircraft payload multiplied by flown kilometres.
- **Revenue Ton-Kilometres (RIK)**  
Capacity sold expressed as tons of load carried multiplied by flown kilometres.
- **Load Factor**  
Revenue ton-kilometres expressed as percentage of available ton-kilometres.
- **Available Seat-Kilometres (ASK)**  
Passenger capacity offered for sale expressed as number of seats multiplied by flown kilometres.
- **Revenue Passenger-Kilometres (RPK)**  
Passenger capacity sold expressed as number of passengers multiplied by flown kilometres.
- **Cabin Factor**  
Revenue passengers-kilometres expressed as percentage of available seat-kilometres.
- **Available Dead Load Ton-Kilometres (ADIK)**  
Capacity offered of aircraft pay load after deduction of weight of the load of passengers multiplied by flown kilometres.
- **Revenue Freight Ton-Kilometres (RFIK)**  
Freight capacity sold expressed as tons of freight carried multiplied by flown kilometres.
- **Freight Load Factor**  
Revenue freight-kilometres expressed as percentage of available dead load ton-kilometres.
- **Aircraft Payload**  
Weight of the load of passengers, cargo and other load carried on a fully loaded aircraft using the average density of cargo.

## Board of Directors

As of September 30, 1999

Mr. Mahidol Chantrangkurn  
Permanent Secretary  
Ministry of Transport and Communications  
Chairman

Mr. Suphachai Phisitvanich  
Permanent Secretary  
Ministry of Finance  
Vice Chairman

ACM Tananit Niamtan  
Commander-in-Chief  
Royal Thai Air Force  
Vice Chairman

Mr. Suchart Traiprasit  
Attorney-General  
Office of the Attorney-General  
Director

ACM Nipon Sakornyen  
Managing Director  
Airports Authority of Thailand  
Director

Mr. Nibhat Bhukkanasut  
Deputy Permanent Secretary  
Ministry of Finance  
Director

Mr. Sawatdiparp Kantatham  
Director  
The Bureau of the Budget  
Director

Mr. Sumet Tantivejku  
Secretary-General  
Chaipattana Foundation  
Director

Mr. Bundit Siripant  
Manager  
Seni Pramoj Advocates & Solicitors  
Director

Mr. Sirin Nimmanahaeminda  
Director

Mr. Wissanu Krea-ngam  
Secretary-General to the Cabinet  
The Secretariat of the Cabinet  
Director

Pol.Gen. Pracha Promnog  
Commissioner-General  
Office of the Commissioner-General  
Director

Mr. Sansern Wongcha-um  
Secretary-General, Office of the National  
Economic and Social Development Board  
Director

ACM Anek Phuasuwan  
Assistant Commander-in-Chief  
Royal Thai Air Force  
Director

Mr. Thamnoon Wanglee  
President, Thai Airways International  
Public Company Limited  
Director and Secretary

## Management Team

As of September 30, 1999

**Mr. Thamnoon WangLee**  
President

**It. Jg. Chusak Bhachaiyud**  
Executive Vice President,  
Technical

**Mr. Bhisit Kuslasayanon**  
Executive Vice President,  
Customer Services

**Flt. Lt. Sa-ad Satsarasom**  
Executive Vice President,  
Operations

**Mr. Annuay Chanya**  
Executive Vice President,  
Finance and Information

**Mr. Prajak Jannusmechoti**  
Executive Vice President,  
Commerical

**Mr. Tasnai Sudasna Na Ayudhaya**  
Executive Vice President,  
Human Resources and General Administration

**Mr. Sittipong Thanitayawong**  
Senior Vice President,  
Corporate Planning and Government Relations

**Flg. Off. Chinawut Naresaenee**  
Senior Vice President,  
Standards and Safety Assurance

**Mr. Veravat Chotiros**  
Vice President,  
Industry Relations and Commercial Support

**Mr. Chandai Singtoroj**  
Vice President,  
Sales and Distribution

**Mr. Suthep Suebsantiwongse**  
Vice President,  
Revenue Planning & Management

**Mr. Sutat Rattakunjara**  
Vice President,  
Product Development & Management

**Mr. Wichit Yuktadatta**  
Vice President,  
Inflight Customer Services

**Mr. Chamchai Surassanant**  
Vice President,  
Ground Customer Services

**Mr. Kobchai Srivilas**  
Vice President,  
Line and Light Maintenance

**Wg. Cdr. Supachai Limpisvasti**  
Vice President,  
Heavy Maintenance

**Gp. Capt. Chatree Hongsuwan**  
Vice President,  
Aviation Personnel Development

**Sqn. Ldr. Chamlong Poopuang**  
Vice President,  
Flight Operations

**Mr. Kamol Thammanichanond**  
Vice President,  
Comptroller

**Mr. Kaweeapan Ruangpaka**  
Vice President,  
Corporate Finance

**Mr. Prasert Khlongwathanakith**  
Vice President,  
Subsidiaries and Investments

**Mr. Suwan Maneedit**  
Vice President,  
Government Relations

**Mrs. Sang-Ngun Pompaiboonstid**  
Vice President,  
Corporate Planning

**Mr. Apichart Danaivan**  
Vice President,  
General Administration

**Mrs. Chamarie Chitwattanagorn**  
Vice President,  
Human Resources Management  
and Development

**Mrs. Sumalee Nakornatap**  
Vice President,  
Special Projects

**Mr. Prasert Lipiwathana**  
Vice President,  
Special Projects, Overseeing Star Alliance

**M.R. Supadis Diskul**  
Vice President,  
Special Projects, Overseeing Bangkok  
Aviation Fuel Services Public Company  
Limited and Fuel Pipeline  
Transportation Limited

**Flt. Lt. Sukasem Nuangwang**  
Vice President,  
Special Projects,  
Overseeing Information Technology

**Mr. Suthin Sanguansat**  
Vice President,  
Special Projects

## Details of Shareholders and Board of Directors

Thai Airways International Public Company Limited, aviation transportation service and associated activities, head office being 89 Vibhavadi Rangsit Road, Ladyao, Chatuchak, Bangkok 10900, Thailand.

Authorised Share Capital : 1,600 million ordinary shares at 10 Baht per share totaling 16,000 million Baht

Shares Issued and Paid Up Share Capital : 1,400 million ordinary shares fully paid at 14,000 million Baht.

### Ordinary Shareholders Portfolio of Thai Airways International Public Company Limited at September 30, 1999

Amount of Shares Held in One Portfolio	Number of People Holding Each Portfolio	%	Total Shares	%
1-1,000	100,457	99.18	23,557,624	1.68
1,001-10,000	800	0.79	1,869,082	0.13
10,001-1,000,000	32	0.03	924,300	0.07
1,000,000-plus	4	0.00	1,373,648,994	98.12
	101,293	100.00	1,400,000,000	100.00
Thai Citizens Holding Shares	99,755	98.48	1,336,734,460	95.48
Others	1,538	1.52	63,265,540	4.52
	101,293	100.00	1,400,000,000	100.00

### Board of Directors' Shareholders Portfolio and Remuneration for Fiscal Year 1999

Board of Directors		Number of Shares	Annual Welfare Fee (Baht)	Annual Welfare Fee (Baht) after 20% reduction
1. Mr. Mahidol Chantrangkurn	Chairman	100	162,500.00	130,000.00
2. Mr. Suphachai Phisitvanich	Vice Chairman	100	146,250.00	117,000.00
3. ACM Tananit Niamtan	Vice Chairman	100	109,687.50	87,750.00
4. ACM Chanin Chandrubeksa	Former Director	100	29,005.38	23,204.30
5. Mr. Srisook Chandrangu	Former Director	100	29,005.38	23,204.30
6. Mr. Seri Suksathaporn	Former Director	100	29,005.38	23,204.30
7. Mr. Wirat Wattanasiritham	Former Director	-	67,166.67	53,733.34
8. Mr. Suchart Traiprasit	Director	100	130,000.00	104,000.00
9. Mr. Sumet Tantivejkul	Director	100	130,000.00	104,000.00
10. Mr. Nibhat Bhukkanasut	Director	100	130,000.00	104,400.00
11. Mr. Wissanu Krea-ngam	Director	100	130,000.00	104,000.00
12. Pol. Gen. Pracha Promnog	Director	100	130,000.00	104,000.00
13. Mr. Bundit Siripant	Director	100	130,000.00	104,000.00
14. ACM Anek Phuasuwan	Director	100	130,000.00	104,000.00
15. ACM Nipon Sakornyen	Director	-	100,994.62	80,795.70
16. Mr. Sirin Nimmanahaeminda	Director	-	100,994.62	80,795.70
17. Mr. Sawatdiparp Kantatham	Director	-	100,994.62	80,795.70
18. Mr. Sansern Wong-cha-um	Director	-	57,777.78	46,222.22
19. Mr. Thamnoon Wanglee	Director and Secretary	1,000	130,000.00	104,000.00

### List of Affiliated and Subsidiary Companies

Name and Address	Percentage of Shareholding	Type of Business
1. Royal Orchid Hotel (Thailand) Public Company Limited 2 Captain Bush Lane, Siphya Road, Bangkok 10500, Thailand	24.0%	Hotel
2. Donmuang International Airport Hotel Co., Ltd. 333 Chert Wudthakas Road, Don Muang, Bangkok 10210, Thailand	40.0%	Hotel
3. Bangkok Aviation Fuel Services Public Company Limited 171/2 Vibhavadi Rangsit Road, Don Muang, Bangkok 10210, Thailand	30.7%	Fuel Storages and filling for aircraft at the airport
4. Phuket Air Catering Co., Ltd. 41/33 2nd Floor, Montri Road, Phuket 83000, Thailand	30.0%	Air catering
5. Thai Information Solutions Co., Ltd. 89 Vibhavadi Rangsit Road, Ladyao, Chatuchak, Bangkok 10900, Thailand	100.0%	Information technology services
6. Thai-Amadeus Southeast Asia Co., Ltd. 89 Vibhavadi Rangsit Road, Ladyao, Chatuchak, Bangkok 10900, Thailand	100.0%	Distributor of computer services, flight reservation and other travel-related services

