

MINUTES OF THE MEETING NO. 174/2004
 THE BOARD OF DIRECTORS
 OF THAI AIRPORTS GROUND SERVICES CO., LTD.
 HELD ON FRIDAY, DECEMBER 17, 2004
 AT TAGS CONFERENCE ROOM A

2902 Present

1. Flight Lieutenant M.L. Yom	Ngonrath	Chairman
2. Mrs. Supatra	Meesawan	Director
3. Wing Commander Jidkumron	Pansang	Director
4. Flight Lieutenant Pinit	Saraithong	Director
5. Mr. Thongchai	Phitthaktrakul	Director by proxy for Mr. Kusa Panyarachun
6. Mr. Keree	Chaichanawong	Director
7. Mr. Horst	Bohling	Director
8. Mr. Zeka	Jemal	Director
9. Mr. Gary	Doy	Director
10. Mr. Jaap	Roest	Director
11. Mr. Anuphong	Rojnuckarin	Director/Board Secretary

2903 Observer

1. Mr. Thongchai	Phitthaktrakul	Conference Manager, WTS
2. Mr. Suwannawat	Koeworakul	Finance & Account Manager, IMT
3. Mr. Anant	Subakarn	Vice President-Operation, TAGS
4. Mrs. Boondharick	Pataramon	Vice President-General Administration, TAGS

2904 11 Members being present, which constituted a quorum according to Article 28 of the company's Articles of Association. The Chairman declared the meeting to be duly convened at 11.00 a.m.

Item 1- Chairman's address:-

2905 Nothing to address.

Item 2 - Approval of Minutes of the Meeting No. 173/2004

2906 The Board of Directors approved the minutes as presented by the management.

Item 3 - Long Term Business Plan 2004-2006 and 2007-2011

2907 The Board of Directors acknowledged the Long Term Business Plan 2004-2006 and 2007-2011 as presented by the management.

The Chairman will try his best to lead the Board and management to implement this Long Term Business Plan to be successful business. He will also submit this Plan to the Board of Directors of AOT for their comments as assigned to him at time of nominating him as Chairman of TAGS by the Board of Directors of AOT.

For the benefit of the company's short term and long term business positioning. The Board of Directors realized the necessity of seeking new strategic partner(s) whom would be the new shareholder of the company. Therefore, the Board of Directors approved to engage DETEK Company Limited to provide consultant service for business studying, finding suitable strategic partner(s), performing presentation, negotiating and any other activities in order to achieve the final agreement with accepted strategic partner. The Board of Directors also approved the contract to be signed with the company at service fee of USD10,000,000.00 (Ten Million US Dollars).

Item 4 – Matters for consideration and approval

2908 (4.1) Board of Directors' Bonus

The Board approved the Directors' Bonus amounting to 588,000 baht (five hundred and eighty eight thousand baht).

2909 (4.2) Staff's Bonus

The Board approved the Staffs' Bonus amounting to 83,960,000 baht (eighty three million nine hundred and sixty thousand baht).

Item 5 - Financial report for November 2004

2910 The Board of Directors acknowledged the financial reports as the management presented.

Item 6 - Report of Internal Auditors

2911 The auditors reported the summary of the follow-up audit report as follows:

1. General Affairs Division

- Seven photocopiers from RICOH Service (Thailand) Co., Ltd., TAGS had to pay the rental charge in the amount of 34,500 baht per month. After audited, the General Affairs Director had negotiated with RICOH Service (Thailand) Co., Ltd. to reduce the rental price to 13,500 baht per month. TAGS can save the rental expense in the amount of 252,000 baht per year.
- One unit of walkie talkie had been lost since 6 June 2003, the Administrative staff had claimed the indemnity from Bangkok Insurance Company and received in the amount of 27,740 baht.

2. Export Cargo Department

Material cost of maintenance of tractor, forklift and pick-up was reduced by 360,900 baht during January to November 2004 when compared with the same period of the last year due to applying the Total Productive Maintenance Activity.

3. Filing Department

After the Filing Department cancelled the rental building for keeping documents, TAGS can save the expense by 150,000 baht per year and avoid the loss of document.

4. Ground Support Equipment Division

- Ground Support equipment Division had improved the equipment control process, which made enough available equipment for services. TAGS can save the cost of maintenance during January to November 2004 in the amount of 461,800 baht.
- ULD Storage System, Equipment Mechanic adapted the door of Lift A to be available for providing the ULD Storage System.

5. Supply Department

Supply Department requested all users to change the quality of photocopy paper from 80 gram to 70 gram. TAGS can save the expense approximately 226,200 baht per year.

6. Import Cargo Department

- After improving of the equipment control for forklift, it made Import Cargo Department increased the available of equipment by 10% during June to August 2004.
- Overtime of Import Cargo Department, the management of Import Cargo Department could control the overtime of sick leave, business leave, annual leave, and additional manpower during September to October 2004. The overtime expenses can be reduced in the amount of 84,500 baht per month or 1,014,000 baht per year.

7. Human Resource Division

Human Resource Division issued the time record handbook for the users to inform the time record regulation and procedure (calendar cod). TAGS can save the overtime expense by 99,000 baht per year.

8. Aircraft Loading and Cabin Cleaning Division

- After maintenance improvement of electric tractor during February to October 2004, the available electric tractor in October 2004 increased from 50% to 78%.
- The control process of walkie talkie was not appropriate, so one walkie talkie was lost. The Loading Section has to adjust the control process to prevent the loss.
- Loading Section could not support RMS for 24 hours according to the lack of manpower. Mr. Anant Subakarn, Vice President-Operation had approved four man powers to support RMS for 24 hours.
- The revenue collection of Honey Bee deodorant was error, so the Aircraft Cabin Cleaning Department assigned the supervisors to recheck the data recorded before sending the report to the Finance and Accounting Division.

9. Traffic Division

The cost of maintenance during March to November 2004 reduced in the amount of 13,850 baht per month or 166,200 baht per year when compare to the same period of the last year.

The Board of Directors acknowledged as the management presented.

Item 7 – Report on progress of projects

2912 (7.1) TAGS Logistic Center

No decision has been made by AOT. However, according to the information that the Ministry of Transportation may include Logistic Center as business concession unit under the control of Customs Free Zone Authority.

The Board of Directors acknowledged as the management presented.

2913 (7.2) Eximnet Co., Ltd.

Total revenue of November 2004 was 1,712,181 baht after paying the transmission cost to Tradesiam and outsourcing cost to Thai Gateway, salaries, depreciation and interest, the profit before taxation was 342,057.76 baht.

The Board of Directors acknowledged the management presented.

2914 (7.3) Thai Airports Technical Services Co., Ltd. (TATS)

The gross profit of this month was 4,173,000 baht against the budget 4,088,000 baht.

The Board of Directors acknowledged as the management presented.

2915 (7.4) Thai Aero Service Co., Ltd. (TAS)

TAS washed 10 aircraft for Cathay Pacific Airways, 10 aircraft for United Airlines and 1 aircraft for Phuket Air in November 2004.

The profit in November 2004 was 203,000 baht.

The Board of Directors acknowledged the financial reports as the management presented.

2916 (7.5) Driessen Services Bangkok Ltd. (DSB)

Work done in November 2004:

Customer	Job Description	Item	Part Number	Qty
TG	repair	Trolley	DLH 801-001	4
TG	repair	Trolley	DLH 1262	7
TG	repair	Trolley	DLH 177-12	27
TG	repair	Trolley	DLH 177-4	85
TG	repair	Trolley	DLH 801	29
TG	repair	Hot Cup	DLH 135-9	39
PC	Clean and repair	Container	FT120005/FT140007	17
FD	repair	Trolley	Various	11

The gross profit in November 2004 was 270,000 baht against the budget gross profit 59,000 baht.

The Board of Directors acknowledged the financial reports as the management presented.

2917 (7.6) New Express Cargo Consignment Hub

The 10th months January to November 2004 showed revenue 163.28 million baht against the same period of the last year at 138.95 million baht showing an increase 24.33 million baht or increase 18%. The accumulated gross profit during January to November 2004 was amounting to 99.12 million baht against the same period of the last year at 83.03 million baht or increase 16.09 million baht or 19%.

The Express Consignment business is still expanding in the month to come.

The Board of Directors acknowledged as the management presented.

2918 (7.7) The progress of IT projects

➤ *TAGS Cargo System (TCS)*

Unisys plans to support TAGS for promoting TCS system and increase number of airlines to use this facility.

- Planning includes airlines' requirements analysis and road show for the total benefits to all partners. (Airlines, warehouse shipping agents and Customs)
- Planning for using CT-PAT (Customs Trade of Partnerships Anti-Terrorist) to support Airline Manifest to US-Customs.
- Feasibility Study to use Cargo Portal Service (CPS) for Shipping Agent to control House Air Way Bill (H-AWB)
- Study TCS for XML data exchange using Browser User Interface (BUI)

➤ *Manifest Reconciliation System (MRS)*

Under Training cargo staff to support the Airport Customs announcement on 1st January 2005.

➤ *Express Community System (ECS)*

The application will be modified based on the new airport customs regulations in the last Quarter of 2004. However, it all depends on the Customs' requirement to implement E-manifest for paperless system.

➤ *Airport Cargo Community System (ACCS)*

TAGS participated the bidding for the installation of ACCS at Free Zone at Suvarnabhumi Airport. The final result TAGS joined with AMR Asia Company Limited to submit the bid for the installation of ACCS at Free Zone at Suvarnabhumi Airport.

There were 4 companies (i.e. TAGS, CDG, AIT and Samart) submitted the bid.

The bidding will be cancelled by December 2004, followed by new specification to minimize the budget for re-bidding will be done on January 2005.

➤ *Resource Management System (RMS)*

Automatic roster update to HRMS will be applied in November 2004 and Automatic change shift update to HRMS will be applied within December 2004

➤ *Japan Airline for Cargo Operation Enhancement*

TAGS and JL plan to improve Service Performances by using TCS and JALMAC system integrations and performance contract agreement need to be approved from JAL Head Quarter.

➤ *POSSEC (Perishable One Stop Service Export Center)*

➤ IT System phase 1 will be handed over in November 2004 and Phase 2 will start development in December 2004 Cargo 2000 for KLM.

TAGS has continuously implemented Cargo 2000 with two airline customers as the follows:

- With KLM for Import operations
- With OS (Austrian Airlines) for Import operations and Export operations

KLM and OS have monitor cargo performance with TAGS on a monthly basis to improve overall of Cargo performance.

The Board of Directors acknowledged as the management presented.

Item 8 - Marketing Activity Report

2919

- We handled 4 AN 124 charter freighter flights for Volgafor, and 2 AN24 charter freighter flights for PMT AIR.
- Cutover meeting with QV on 14DEC, due to QV uses ATR, and we do not have towbar for ART, therefore, we may have to purchase one.
- Signed the contract with Express Net for the provision of Marshalling and Wheel chocks, and crew handling. This is in case of Air Hong Kong wet lease A300- B4 from them to operate PEN-BKK-HKG - vv.
- Quotations were submitted to:
 - ❖ Shanghai Airlines, they plan to change aircraft from B747-200 Freighter to B757F and MD11F
 - ❖ Scenic World, they plan to operate passenger charter flight from Kazakstan to Phuket
 - ❖ Jetco International, nowadays they use Bismillah licence to operate schedule charter freighter flight BKK-DAC-BKK, however, they just have received an approval from Bangladesh DCA to operate by their own licence, therefore, they plan to operate with B737F/B727-100F/B737-200F/DC8-63F/L1011F.
 - ❖ UT Air, they plan to operate charter passenger flight from Chengdu to Phuket by using TU154.
- Other activities
 - ❖ Meeting with all customers to invite them to participate the Miss Air Hostess Beauty Contest for 2004

The Board of Directors acknowledged as the management presented.

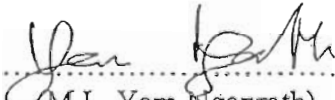
Item 9 - Any Other Business

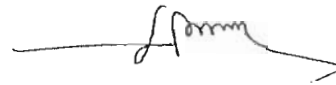
2920 All Directors are invited for lunch at the Don Giovanni, Sofotel Central Plaza Bangkok Hotel.

The Board of Directors tentatively set up the next Board of Directors Meeting on 25th January 2005, at 09.00 a.m.

There is no other business, the Chairman adjourned the meeting at 12.40 p.m.

Chairman of the Board

Flight Lieutenant 
(M.L. Yom Ngonrath)
Chairman


.....
(Mr. Anuphong Rojnuckarin)
Director/Board Secretary