

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

TO SHAREHOLDERS AND THE PLANNERS

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

We have reviewed the consolidated statement of financial position of Thai Airways International Public Company Limited and its subsidiaries (the “Group”) and the separate statement of financial position of Thai Airways International Public Company (the “Company”) as at September 30, 2020, and the related consolidated and separate statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020, and the related consolidated and separate statements of changes in shareholders’ equity and cash flows for the nine-month period ended September 30, 2020, and the condensed notes to the financial statements. The Company’s management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Disclaimer of Conclusion

As we considered the situations that had impact to the uncertainty of the Group’s and the Company’s operations as follows:

1. Lack of liquidity and default of debt payment

As disclosed in Note 1 to the interim financial statements regarding the financial position of the Group and the Company as at September 30, 2020, the Group had significant current liabilities in excess of current assets by Baht 274,428 million and had capital deficiency of Baht 40,023 million in the consolidated financial statements and the Company had current liabilities in excess of current assets by Baht 271,305 million and had capital deficiency of Baht 38,555 million in the separate financial statements. The Group and the Company had loss from operations since year 2013 which resulted in capital deficiency and lack of financial liquidity. In the second quarter of year 2020, the Company was under the Automatic Stay status according to the Order to accept the rehabilitation petition of the Central Bankruptcy Court on May 27, 2020. As a result, the Company has triggered the event of default of outstanding liabilities and has not paid liabilities when due, including trade account payables, short-term borrowings, long-term borrowings, debentures and lease liabilities.

2. Effect of Coronavirus Disease 2019 Pandemic to the operations of the Group

As disclosed in Note 1 to the interim financial statements, the Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries, especially aviation industry. Since March 23, 2020 and March 25, 2020, Thai Smile Airways Company Limited, a subsidiary, and the Company have suspended domestic and international flight operations, respectively. However, Thai Smile Airways Company Limited resumed some domestic flight services in June 2020 and reviewed the frequency of flight service to increase or reduce the number of flight to be consistent with the demand, including launching new domestic routes. In August, 2020, the Company resumed some international flight services, including chartered flights but not yet operated as normal. However, the Company and its subsidiary are assessing the situation to resume the flight operation and will resume the commercial flight operation as soon as the situation improves as a result of preventive measure over controlling the spread of COVID-19 by government in each country. This situation may have a significant impact on the flight plan, the financial position, the ability to generate revenues and current and future cash flows of the Group.

3. Entering into the rehabilitation process

As disclosed in Note 4 to the interim financial statements, on May 26, 2020, the Company submitted a petition to enter into a business rehabilitation process and propose the rehabilitation planners to the Central Bankruptcy Court under the Bankruptcy Act B.E. 2483. On May 27, 2020, the Central Bankruptcy Court issued an order to accept the rehabilitation petition of the Company. On September 14, 2020, the Central Bankrupt Court granted the Company’s business rehabilitation petition and appointed the Planners as nominated by the Company. Currently, the Company is under rehabilitation plan and the Planners is in the process of preparing the rehabilitation plan for approval from the creditors. The Company’s ability to continue as a going concern depends on several factors of business management, including the creditors’ approval of the rehabilitation plan as well as the successful implementation of the rehabilitation plan and the Company’s ability to continue to operate the business.

The aforementioned situations in No.1 to No. 3. have impact on and are inter-related reflecting the material uncertainty to the ability to continue as going concern of the Company which may affect valuation of significant assets and liabilities to the consolidated and separate interim financial information for the nine-month period ended September 30, 2020.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we do not express a conclusion on the accompanying consolidated interim financial information of Thai Airways International Public Company Limited and its subsidiaries and separate interim financial information of Thai Airways International Public Company Limited as at September 30, 2020 and for the three-month and nine-month periods then ended.

Emphasis of Matter

We draw attention to Note 2.7 to the interim financial statements that the Group have adopted the Group of Financial Instruments Standards and Thai Financial Reporting Standard 16 “Leases” which became effective for fiscal years beginning on or after January 1, 2020. The Group elected to recognize the cumulative effect of initially applying such Standards as an adjustment to the beginning balances of retained earnings and other components of shareholders’ equity of the reporting period. However, such matter did not affect our disclaimer of conclusion.

Other Matters

The consolidated statement of financial position of Thai Airways International Public Company Limited and its subsidiaries and the separate statement of financial position of Thai Airways International Public Company Limited as at December 31, 2019 (before reclassification as disclosed in Note 28 to the interim financial statements), presented herein as comparative information, were audited by another auditor, whose report on the consolidated and the Company’s separate financial statements for the year ended December 31, 2019 dated February 28, 2020 expressed an unmodified opinion on those statements with an emphasis of matter paragraph relating to the adjustments of the insignificant errors of prior periods, the adoption of the new Thai Financial Reporting Standards, corporate transformation plans for the year 2019, liquidity management, and transferring the legal reserve and share premium amount to compensate the deficits.

The consolidated and separate statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2019, the related consolidated and separate statements of changes in shareholders’ equity and cash flows for the nine-month period end September 30, 2019 (before reclassification as disclosed in Note 28 to the interim financial statements), presented herein as comparative information, were reviewed by another auditor, who concluded that nothing had come to their attention that caused them to believe that such interim financial information were not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, and whose report on the consolidated and the Company’s separate financial statements for the three-month and nine-month periods ended September 30, 2019 dated November 14, 2019, noted an emphasis of matter paragraph relating to the adjustments of the insignificant errors of prior periods, the adoption of the new Thai Financial Reporting Standards, corporate transformation plans for the year 2019, liquidity management, and transferring the legal reserve and share premium amount to compensate the deficits.

BANGKOK
November 11, 2020

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at September 30, 2020 “Unaudited”	As at December 31, 2019	As at September 30, 2020 “Unaudited”	As at December 31, 2019
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6.1	11,139,414	21,663,207	10,410,757	20,873,088
Temporary investment		-	39	-	-
Trade and other current receivables	5, 7	7,968,125	17,464,388	10,926,159	22,895,793
Inventories and supplies		4,347,831	4,696,672	4,304,452	4,655,962
Current tax assets		163,337	558,003	163,337	558,003
Other current assets		257,305	1,270,433	257,038	1,252,837
Non-current assets held for sale	8	50,335	22,854	50,335	22,854
Total Current Assets		23,926,347	45,675,596	26,112,078	50,258,537
NON-CURRENT ASSETS					
Other non-current financial assets	17, 25.4	3,995,912	-	3,989,836	-
Investments in associates	9.1	1,654,378	2,100,845	810,617	1,234,107
Investments in subsidiaries	9.2	-	-	10,210	1,810,210
Other long-term investments		-	64,065	-	60,830
Non-current receivable under lease agreements	5	-	-	5,578,264	-
Property, plant and equipment	10	67,519,818	171,116,231	67,491,881	171,082,997
Right-of-use assets	11	170,365,680	-	163,711,837	-
Intangible assets		290,684	283,631	234,407	213,438
Deferred tax assets		7,402,854	7,685,760	7,387,787	7,669,941
Maintenance reserves	12	14,713,538	13,004,318	14,713,538	12,956,242
Other non-current assets	13	9,083,207	14,877,726	8,881,196	14,736,082
Total Non-Current Assets		275,026,071	209,132,576	272,809,573	209,763,847
TOTAL ASSETS		298,952,418	254,808,172	298,921,651	260,022,384

See condensed notes to the financial statements

(Mr.Chansin Treenuchagron)

Director of the Board

Acting President

(Mr.Chai Eamsiri)

Vice President, Petroleum, Corporate Insurance and Aviation Environmental Department

Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at September 30, 2020 “Unaudited”	As at December 31, 2019	As at September 30, 2020 “Unaudited”	As at December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from financial institutions	6.3, 14.1	3,729,637	-	3,729,637	-
Trade and other current payables	16	39,243,544	26,270,296	39,103,048	25,188,407
Unearned transportation revenue		15,975,780	29,689,159	15,455,790	28,994,168
Current portion of long-term liabilities					
Long-term borrowings from financial institutions	6.3, 14.2	8,511,346	3,768,077	8,511,346	3,768,077
Long-term borrowings from related parties	5.2, 6.3	14,999,861	1,624,675	14,999,861	1,624,675
Liabilities under finance leases	2.7.2	-	7,253,020	-	7,253,020
Leases liabilities	6.3, 15	132,347,356	-	132,330,227	-
Debentures	6.3, 14.3	71,608,000	9,085,000	71,608,000	9,085,000
Short-term borrowings from related parties	5.2, 6.3	11,413,827	3,500,000	11,413,827	3,500,000
Income tax payable		206	1,133	-	-
Accrued dividends		100,141	57,039	54,237	54,261
Other current liabilities		424,286	510,654	211,121	505,507
Total Current Liabilities		298,353,984	81,759,053	297,417,094	79,973,115
NON-CURRENT LIABILITIES					
Long-term liabilities					
Long-term borrowings from financial institutions	6.3, 14.2	-	5,105,288	-	5,105,288
Long-term borrowings from related parties	5.2, 6.3	-	12,790,069	-	12,790,069
Liabilities under finance leases	2.7.2	-	39,202,993	-	39,202,993
Leases liabilities	6.3, 15	7,743	-	-	-
Debentures	6.3, 14.3	-	65,023,000	-	65,023,000
Staff pension fund	17	3,715,296	3,673,751	3,715,296	3,673,751
Non-current provisions for employee benefit	18	17,659,669	17,197,470	17,524,859	17,081,056
Other non-current provisions	19	18,993,316	18,155,947	16,765,931	16,212,969
Other non-current liabilities		167,239	134,896	2,053,625	1,792,938
Total Non-Current Liabilities		40,543,263	161,283,414	40,059,711	160,882,064
TOTAL LIABILITIES		338,897,247	243,042,467	337,476,805	240,855,179

(Mr.Chansin Treenuchagron)

Director of the Board
Acting President

(Mr.Chai Eamsiri)

Vice President, Petroleum, Corporate Insurance and Aviation Environmental Department
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		September 30, 2020 “Unaudited”	December 31, 2019	September 30, 2020 “Unaudited”	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,010	26,989,010	26,989,010	26,989,010
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719	21,827,719	21,827,719	21,827,719
Premium on ordinary shares		1,862,979	1,862,979	1,862,979	1,862,979
Deficit					
Unappropriated (deficit)		(70,307,616)	(19,383,394)	(68,837,602)	(11,875,510)
Other components of equity		6,594,331	7,352,018	6,591,750	7,352,017
Total shareholders' equity arributable					
to owners of the parent (capital deficiency)		(40,022,587)	11,659,322	(38,555,154)	19,167,205
Non-controlling interests		77,758	106,383	-	-
TOTAL SHAREHOLDERS' EQUITY					
(CAPITAL DEFICIENCY)		(39,944,829)	11,765,705	(38,555,154)	19,167,205
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		298,952,418	254,808,172	298,921,651	260,022,384

See condensed notes to the financial statements

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(Mr.Chai Eamsiri)

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Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
Revenues	24.1, 24.2				
Revenues from sales or services	20				
Passenger and excess baggage		1,215,695	35,338,835	507,423	33,724,431
Freight		699,749	4,118,450	683,472	4,118,450
Mail		17,591	129,403	17,591	129,403
Other business		1,337,974	3,055,987	1,623,009	3,475,032
Total revenues from sales or rendering services		3,271,009	42,642,675	2,831,495	41,447,316
Other income					
Interest income		19,990	47,197	18,876	44,045
Net foreign exchange gain		-	919,413	-	975,642
Other income - others		456,101	2,373,211	458,004	2,414,301
Total other income		476,091	3,339,821	476,880	3,433,988
Total revenues		3,747,100	45,982,496	3,308,375	44,881,304
Expenses					
Aircraft fuel expenses		292,237	13,283,928	131,670	12,349,207
Employee benefits expenses		4,727,290	8,890,997	4,554,014	8,695,364
Flight service expenses		330,624	5,317,528	254,178	4,976,300
Crew expenses		68,584	1,528,133	22,954	1,400,569
Aircraft repair and maintenance costs		1,180,755	5,049,910	706,913	4,492,081
Depreciation and amortization expenses		6,768,773	4,325,162	6,397,761	4,317,621
Lease of aircraft and spare parts		73,228	3,538,405	79,391	5,140,296
Inventories and supplies expenses		47,634	2,242,698	17,701	2,107,523
Selling and advertising expenses		54,538	2,643,974	(44,584)	2,463,923
Impairment loss on fixed assets	21	444,298	181,435	444,298	181,435
Net foreign exchange loss		5,305,996	-	5,146,033	-
Other expenses	22	1,686,054	2,562,420	1,473,884	2,461,323
Total expenses		20,980,011	49,564,590	19,184,213	48,585,642
Loss from operating activities		(17,232,911)	(3,582,094)	(15,875,838)	(3,704,338)
Finance costs		4,109,104	1,114,616	3,999,481	1,114,616
Impairment loss determined in accordance with TFRS 9		34,592	-	1,204,037	-
Share of (profit) loss from associates using the equity method		56,049	96,549	-	-
Hedging gains for hedge of group of items with offsetting risk positions	25.2, 25.3	(31,566)	-	(31,566)	-
Loss before income tax		(21,401,090)	(4,793,259)	(21,047,790)	(4,818,954)
Income tax income (expense)		(129,907)	113,461	(128,553)	116,549
Loss for the periods		(21,530,997)	(4,679,798)	(21,176,343)	(4,702,405)

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Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will be reclassified to profit or loss					
Gains (losses) on cash flow hedges		(148,084)	377,247	(148,084)	377,247
Income tax relating to gains on cash flow hedges		-	(75,449)	-	(75,449)
Total components of other comprehensive income that will be reclassified to profit or loss		(148,084)	301,798	(148,084)	301,798
Components of other comprehensive income that will not be reclassified to profit or loss					
Adjustment of gain on revaluation of assets (reversal)		(137,850)	-	(137,850)	-
Adjustment income tax relating to revaluation of assets		27,570	-	27,570	-
Gains on investment in equity designated at fair value through other comprehensive income		(499)	-	(453)	-
Share of other comprehensive income of associates using the equity method		159	-	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss		(110,620)	-	(110,733)	-
Other comprehensive income (loss) for the periods - net of tax		(258,704)	301,798	(258,817)	301,798
Total comprehensive loss for the periods		(21,789,701)	(4,378,000)	(21,435,160)	(4,400,607)
Loss attributable to					
Owners of the parent		(21,536,075)	(4,681,501)	(21,176,343)	(4,702,405)
Non-controlling interests		5,078	1,703	-	-
		(21,530,997)	(4,679,798)	(21,176,343)	(4,702,405)
Total comprehensive loss attributable to					
Owners of the parent		(21,794,779)	(4,379,703)	(21,435,160)	(4,400,607)
Non-controlling interests		5,078	1,703	-	-
		(21,789,701)	(4,378,000)	(21,435,160)	(4,400,607)
Losses per share					
Basic losses per share	23	(9.87)	(2.14)	(9.70)	(2.15)

See condensed notes to the financial statements

.....
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.....
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Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
Revenues	24.1, 24.2				
Revenues from sales or services	20				
Passenger and excess baggage		32,348,416	110,960,710	30,230,363	104,916,392
Freight		5,649,519	12,922,451	5,608,371	12,923,942
Mail		151,178	387,870	151,178	387,870
Other business		5,158,992	9,885,573	6,013,034	11,234,253
Total revenues from sales or rendering services		43,308,105	134,156,604	42,002,946	129,462,457
Other income					
Interest income		107,792	136,126	104,180	130,830
Net foreign exchange gain		-	2,807,581	-	2,913,840
Gain on changes in ownership interest		205,606	273,178	-	-
Other income - others		912,092	3,159,061	1,104,527	3,510,081
Total other income		1,225,490	6,375,946	1,208,707	6,554,751
Total revenues		44,533,595	140,532,550	43,211,653	136,017,208
Expenses					
Aircraft fuel expenses		11,794,614	41,192,446	10,845,385	38,292,726
Employee benefits expenses		15,882,066	23,734,725	15,373,579	23,136,900
Flight service expenses		4,913,127	15,780,261	4,481,743	14,616,639
Crew expenses		1,437,452	4,692,078	1,219,868	4,291,554
Aircraft repair and maintenance costs		5,766,060	15,102,655	4,286,200	13,510,486
Depreciation and amortization expenses		20,822,165	13,020,347	19,733,990	13,001,331
Lease of aircraft and spare parts		117,245	11,139,406	1,999,236	15,250,954
Inventories and supplies expenses		1,931,781	6,833,255	1,793,460	6,400,717
Selling and advertising expenses		1,749,856	7,963,668	1,407,555	7,320,659
Impairment loss on fixed assets	21	3,498,388	566,276	3,498,388	566,276
Net foreign exchange loss		6,424,631	-	6,177,595	-
Other expenses	22	4,855,423	7,997,456	6,597,403	7,546,123
Total expenses		79,192,808	148,022,573	77,414,402	143,934,365
Loss from operating activities		(34,659,213)	(7,490,023)	(34,202,749)	(7,917,157)
Finance costs		8,539,301	3,310,073	8,314,055	3,310,073
Impairment loss determined in accordance with TFRS 9		185,523	-	7,373,143	-
Share of loss from associates using the equity method		475,369	156,236	-	-
Hedging gains for hedge of group of items with offsetting risk positions	25.2, 25.3	5,226,749	-	5,226,749	-
Loss before income tax		(49,086,155)	(10,956,332)	(55,116,696)	(11,227,230)
Income tax expense		(474,365)	(145,277)	(473,549)	(132,833)
Loss for the periods		(49,560,520)	(11,101,609)	(55,590,245)	(11,360,063)

.....
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Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will be reclassified to profit or loss					
Gains (losses) on cash flow hedges		(3,767,360)	1,230,614	(3,767,360)	1,230,614
Income tax relating to gains on cash flow hedges		163,826	(246,123)	163,826	(246,123)
Total components of other comprehensive income that will be reclassified to profit or loss		<u>(3,603,534)</u>	<u>984,491</u>	<u>(3,603,534)</u>	<u>984,491</u>
Components of other comprehensive income that will not be reclassified to profit or loss					
Adjustment of gain on revaluation of assets (reversal)		(137,850)	-	(137,850)	-
Adjustment income tax relating to revaluation of assets		27,570	-	27,570	-
Gains on investment in equity designated at fair value through other comprehensive income		2,212	-	(368)	-
Share of other comprehensive income of associates using the equity method		159	23,413	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss		<u>(107,909)</u>	<u>23,413</u>	<u>(110,648)</u>	<u>-</u>
Other comprehensive income (loss) for the periods - net of tax		<u>(3,711,443)</u>	<u>1,007,904</u>	<u>(3,714,182)</u>	<u>984,491</u>
Total comprehensive loss for the periods		<u>(53,271,963)</u>	<u>(10,093,705)</u>	<u>(59,304,427)</u>	<u>(10,375,572)</u>
Loss attributable to					
Owners of the parent		(49,552,534)	(11,119,872)	(55,590,245)	(11,360,063)
Non-controlling interests		(7,986)	18,263	-	-
		<u>(49,560,520)</u>	<u>(11,101,609)</u>	<u>(55,590,245)</u>	<u>(11,360,063)</u>
Total comprehensive loss attributable to					
Owners of the parent		(53,263,977)	(10,111,968)	(59,304,427)	(10,375,572)
Non-controlling interests		(7,986)	18,263	-	-
		<u>(53,271,963)</u>	<u>(10,093,705)</u>	<u>(59,304,427)</u>	<u>(10,375,572)</u>
Losses per share					
Basic losses per share	23	(22.70)	(5.09)	(25.47)	(5.20)

See condensed notes to the financial statements

.....
(Mr.Chansin Treenuchagron)

Director of the Board
Acting President

.....
(Mr.Chai Eamsiri)

Acting Vice President, Petroleum, Corporate Insurance and Aviation Environmental Department
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

Note	Consolidated financial statements										
	Owners of the parent					Other Components of Equity			Total Owners of the Parent	Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings (deficit)		Other Comprehensive Income (loss)						
			Appropriated Legal reserve	Unappropriated	Gain (loss) on cash flow hedges - net of tax	Revaluation surplus on assets - net of tax	Gains (losses) on investment in equity designated at fair value through other comprehensive income	Total other components of equity			
Balance as at January 1, 2019	21,827,719	25,545,316	2,691,276	(33,747,559)	(524,958)	6,696,714	1	6,171,757	22,488,509	127,290	22,615,799
Changes in Shareholders' Equity											
Transfer of legal reserve and premium on ordinary shares to offset deficit	-	(23,682,337)	(2,691,276)	26,373,613	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(47,250)	(47,250)
Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	(68)	(68)
Total comprehensive income (loss) for the period	-	-	-	(11,096,459)	984,491	-	-	984,491	(10,111,968)	18,263	(10,093,705)
Balance as at September 30, 2019	21,827,719	1,862,979	-	(18,470,405)	459,533	6,696,714	1	7,156,248	12,376,541	98,235	12,474,776
Balance as at January 1, 2020 - as under previous Thai Financial Reporting Standards	21,827,719	1,862,979	-	(19,383,394)	655,303	6,696,714	1	7,352,018	11,659,322	106,383	11,765,705
Effect from adoption of Thai Financial Reporting Standards No.9	-	-	-	(1,371,847)	2,948,231	-	5,684	2,953,915	1,582,068	-	1,582,068
Balance as at January 1, 2020 - as under new Thai Financial Reporting Standards	21,827,719	1,862,979	-	(20,755,241)	3,603,534	6,696,714	5,685	10,305,933	13,241,390	106,383	13,347,773
Changes in Shareholders' Equity											
Dividends paid	-	-	-	-	-	-	-	-	-	(20,570)	(20,570)
Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	(69)	(69)
Total comprehensive income (loss) for the period	-	-	-	(49,552,375)	(3,603,534)	(110,280)	2,212	(3,711,602)	(53,263,977)	(7,986)	(53,271,963)
Balance as at September 30, 2020	21,827,719	1,862,979	-	(70,307,616)	-	6,586,434	7,897	6,594,331	(40,022,587)	77,758	(39,944,829)

See condensed notes to the financial statements

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Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

Note	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings (deficit)		Separate financial statements			Total other components of equity	Total Shareholders' Equity
			Appropriated Legal reserve	Unappropriated	Gain (loss) on cash flow hedges - net of tax	Other Comprehensive Income (loss) Revaluation surplus on assets - net of tax	Other Components of Equity Gains (losses) on investment in equity designated at fair value through other comprehensive income		
Balance as at January 1, 2019	21,827,719	25,545,316	2,691,276	(26,373,613)	(524,958)	6,696,714	-	6,171,756	29,862,454
Changes in Shareholders' Equity									
Transfer of legal reserve and premium on ordinary shares to offset deficit	-	(23,682,337)	(2,691,276)	26,373,613	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(11,360,063)	984,491	-	-	984,491	(10,375,572)
Balance as at September 30, 2019	21,827,719	1,862,979	-	(11,360,063)	459,533	6,696,714	-	7,156,247	19,486,882
Balance as at January 1, 2020 - as under previous Thai Financial Reporting Standards	21,827,719	1,862,979	-	(11,875,510)	655,303	6,696,714	-	7,352,017	19,167,205
Effect from adoption of Thai Financial Reporting Standards No.9	2.7.1	-	-	(1,371,847)	2,948,231	-	5,684	2,953,915	1,582,068
Balance as at January 1, 2020 - as under new Thai Financial Reporting Standards	21,827,719	1,862,979	-	(13,247,357)	3,603,534	6,696,714	5,684	10,305,932	20,749,273
Changes in Shareholders' Equity									
Total comprehensive loss for the period	-	-	-	(55,590,245)	(3,603,534)	(110,280)	(368)	(3,714,182)	(59,304,427)
Balance as at September 30, 2020	21,827,719	1,862,979	-	(68,837,602)	-	6,586,434	5,316	6,591,750	(38,555,154)

See condensed notes to the financial statements

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Vice President, Petroleum, Corporate Insurance and Aviation Environmental Department
Acting Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the periods		(49,560,520)	(11,101,609)	(55,590,245)	(11,360,063)
Adjustment to reconcile profit and loss					
Income tax expense		474,365	145,277	473,549	132,833
Depreciation and amortization		20,822,165	13,020,347	19,733,990	13,001,331
Dividend received		(907)	(948)	(203,499)	(331,543)
Share of loss from associates using the equity method		475,369	156,236	-	-
Gain on changes in ownership interest		(205,606)	(273,178)	-	-
Interest income		(107,792)	(136,126)	(104,180)	(130,830)
Interest expenses		8,539,301	3,310,073	8,314,055	3,310,073
Loss on disposal of fixed assets		11	66,730	18	66,727
Unrealized (gain) loss on foreign exchange rates		9,474,951	(2,435,044)	9,442,035	(2,475,339)
Loss arising from financial asset designated at fair value through profit or loss		362	-	362	-
Provisions for pension fund	17	89,504	136,090	89,504	136,090
Provisions for employee benefits	18	670,394	3,379,141	639,670	3,342,937
Provision for employee termination compensation		206,211	-	-	-
Provision for long-term aircraft maintenance		2,067,924	3,867,366	2,021,215	3,867,366
Provision for inventories and supplies obsolescence		212,187	112,426	212,187	112,426
Impairment loss on investments	22	-	-	2,223,490	-
Credit loss on financial assets (reversal)		185,523	(23,810)	7,373,143	(23,578)
Impairment loss on fixed assets	21	3,498,388	566,276	3,498,388	566,276
Profit (loss) from operating before changes in operating assets and liabilities		(3,158,170)	10,789,247	(1,876,318)	10,214,706
Operating assets decrease (increase)					
Trade and other current receivables		8,552,435	(1,126,018)	5,040,596	768,760
Lease receivables		-	-	950,039	-
Inventories and supplies		136,653	232,040	139,323	229,563
Other current assets		1,013,677	145,177	996,310	144,742
Maintenance reserves		(1,176,358)	(1,835,525)	(1,224,434)	(1,810,619)
Other non-current financial assets		(62,639)	-	(62,639)	-
Other non-current assets		1,523,347	(73,189)	1,582,727	(77,556)

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
(CONTINUED)					
Operating liabilities increase (decrease)					
Trade and other current payables		1,567,320	158,061	2,703,058	(1,709,361)
Unearned transportation revenues		(13,713,363)	1,422,805	(13,538,362)	1,619,688
Other current liabilities		(275,046)	(91,898)	(276,853)	(91,898)
Staff pension fund		(47,959)	(56,265)	(47,959)	(56,265)
Employee benefit paid		(208,195)	-	(195,867)	-
Other non-current provisions		(2,377,703)	(2,618,240)	(2,377,703)	(2,489,181)
Other non-current liabilities		246,557	363,602	249,596	363,602
Net cash provided by (used in) operations		(7,979,444)	7,309,797	(7,938,486)	7,106,181
Income tax paid		(175,091)	(463,756)	(163,337)	(400,984)
Income tax refund		900,751	531,529	900,751	531,529
Net cash flows provided by (used in) operating activities		(7,253,784)	7,377,570	(7,201,072)	7,236,726
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for purchase of fixed assets		(423,559)	(1,686,876)	(421,701)	(1,681,104)
Cash paid for purchase of intangible assets		(6,105)	(89,426)	(6,091)	(75,807)
Cash received from sales of assets		3,174	2,968	3,167	2,968
Cash received from sales of assets held for sale		-	730,378	-	730,378
Cash received from sales of investments		-	223	-	223
Cash paid for investments		-	(250)	-	-
Interest received		228,958	131,913	226,435	127,531
Dividend received		177,769	273,205	178,357	302,668
Net cash flows used in investing activities		(19,763)	(637,865)	(19,833)	(593,143)

.....
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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		2020	2019	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from short-term borrowings					
from financial institutions	6.3	4,000,000	5,000,000	4,000,000	5,000,000
Cash paid for short-term borrowings from financial institutions	6.3	(270,363)	(7,000,000)	(270,363)	(7,000,000)
Cash received from short-term borrowings from related parties	6.3	15,500,000	13,000,000	15,500,000	13,000,000
Cash paid for short-term borrowings from related parties	6.3	(7,586,173)	(10,000,000)	(7,586,173)	(10,000,000)
Cash received from long-term borrowings from financial institution	6.3	-	3,000,000	-	3,000,000
Cash paid for long-term borrowings from financial institution	6.3	(362,019)	(2,423,076)	(362,019)	(2,423,076)
Cash paid for long-term borrowings from related parties	6.3	(725,023)	(1,521,310)	(725,023)	(1,521,310)
Cash received from debentures	6.3	-	10,000,000	-	10,000,000
Cash paid for repayment of debentures	6.3	(2,500,000)	(6,300,000)	(2,500,000)	(6,300,000)
Cash paid for lease liabilities	6.3	(7,755,029)	(7,078,010)	(7,743,521)	(7,078,010)
Interest paid		(3,817,707)	(2,938,143)	(3,817,707)	(2,938,143)
Dividends paid		(23)	(134)	(23)	(134)
Dividends of subsidiary paid to non-controlling interests		(2,625)	(23,709)	-	-
Net cash flows used in financing activities		(3,518,962)	(6,284,382)	(3,504,829)	(6,260,673)
Net (decrease) increase in cash and cash equivalents before effect					
of exchange rate		(10,792,509)	455,323	(10,725,734)	382,910
Effect of exchange rate changes on cash and cash equivalents		275,001	(165,725)	269,688	(127,584)
Effects of changes in credit loss on cash on hand		(6,285)	-	(6,285)	-
Cash and cash equivalents at beginning of the periods	6.1	21,663,207	13,691,849	20,873,088	12,523,361
Cash and cash equivalents at ending of the periods	6.1	11,139,414	13,981,447	10,410,757	12,778,687

See condensed notes to the financial statements

.....
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.....
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Acting Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020
(UNAUDITED)**

1. GENERAL INFORMATION

Thai Airways International Public Company Limited (the “Company”) was registered as a Public Limited Company in Thailand and was listed on the Stock Exchange of Thailand on July 19, 1991. The registered address is located at 89 Vibhavadee Rungsit Road, Chom Phon, Chatuchak District, Bangkok, Thailand.

As at September 30, 2020, the Company’s major shareholder and ultimate parent company is the Ministry of Finance by holding 47.86% of the Company’s issued and paid-up shares. On May 22, 2020, the Ministry of Finance reduced its shareholding percentage from 51.03% to 47.86% of the Company’s issued and paid-up shares. Therefore, after the reduction of shareholding percentage held by the Ministry of Finance, the Company ceased to be a state enterprise under the relevant laws.

The Company’s principal activities are the operation of airline business and business units which related directly with transportation. As at September 30, 2020, the Company had the routes network servicing to 58 destinations in 30 countries all over the world, whereas 2 destinations were domestic (excluding Bangkok). Thai Smile Airways Company Limited, a subsidiary, had the routes network servicing to 14 destinations in 6 countries, whereas 10 were domestic (excluding Bangkok).

As at September 30, 2020, the Company and its subsidiaries (the “Group”) had current liabilities exceeded current assets by Baht 274,428 million and had capital deficiency of Baht 40,023 million in the consolidated financial statements and the Company had current liabilities exceeded current assets by Baht 271,305 million and had capital deficiency of Baht 38,555 million in the separate financial statements. The Group and the Company had loss from operations since year 2013 resulting in the Group and the Company having a capital deficiency and lack of financial liquidity.

In addition, the Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries, especially aviation industry. Since March 23, 2020 and March 25, 2020, Thai Smile Airways Company Limited, a subsidiary, and the Company has suspended domestic and international flights, respectively. However, Thai Smile Airways Company Limited has resumed some domestic flight services in June 2020 and reviewed the frequency of flight service to increase or reduce the number of flight to be consistent with the demand, including launching new domestic routes. In August 2020, the Company resumed some international flight services, including chartered flights but not yet operated as normal. However, the Company and its subsidiary are assessing the situation to resume the flight operation and will resume the commercial flight operation as soon as the situation improves as a result of preventive measure over controlling the spread of COVID-19 by government in each country. The Company’s management has monitored the progress of the such situation and is in the process of assessing the impact on business operations and financial impact on the value of assets and liabilities.

On May 26, 2020, the Company submitted a petition to enter into a business rehabilitation process and propose the rehabilitation planner (the “Planner”) to the Central Bankruptcy Court. On May 27, 2020, the Central Bankruptcy Court accepted the business rehabilitation petition for further consideration (see Note 4). As a result, the Company is under the automatic stay provisions status under the Bankruptcy Act B.E. 2483. Such situation may affect to the Company having to maintain automatic stay status and unable to repaid debt, which is considered as debt payment default conditions. Therefore, the Company recorded the default interest at the rate of 2.30% to 23.00% per annum according to the terms of each contract, which consisted of loan agreements, debentures, financial leases, and aircraft operating leases. In addition, such events may affect assets and liabilities recorded as at September 30, 2020. However, the Company’s management believes that the preparation of financial statements on a going concern basis is still appropriate because the Company is in the process of rehabilitation and has prepared the rehabilitation plan for approval from the creditors. During this period, the Company is able to continue its necessary activities for operation as usual in order to enable the Company to continue as a going concern for at least 12 months from the date in the statements of financial position. However, the financial position and the Company’s ability to continue as going concern depends on several factors of business management, including the creditors’ approval of the rehabilitation plan as well as the successful implementation of the rehabilitation plan and the Company’s ability to operate the business.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 These interim consolidated and separate financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements. In the event of any conflict or different interpretation in the two languages, the Thai version of the financial statements, in accordance with Thai laws will prevail.

2.2 The consolidated and separate statements of financial position as at December 31, 2019, (before reclassification) presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which had been audited.

2.3 The unaudited results of operations presented in the statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020 are not necessarily an indication nor anticipation of the operating results for the full year.

2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month and nine-month periods ended September 30, 2020 should be read in conjunction with the financial statements for the year ended December 31, 2019 which had been audited.

2.5 In the preparation of interim financial statements in compliance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, the Company requires management to make judgments, estimates and assumptions that affect the application of accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the period. Although these estimates are based on management’s reasonable consideration of current events, actual results may differ from these estimates.

2.6 Material intercompany transactions between the Company and its subsidiaries have been eliminated from the interim consolidated financial statements. The subsidiaries are as follows:

Company’s Name	Type of business	Main location of incorporation	Ownership percentage	
			As at September 30, 2020	As at December 31, 2019
Held by the Company:				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology for travel services	Thailand	55	55
2. WingSpan Services Company Limited	Providing specialized personnel services to the Company	Thailand	49 ⁽¹⁾	49 ⁽¹⁾
3. Thai Smile Airways Company Limited	Air transportation services	Thailand	100	100
Held by the Company and subsidiary				
Thai Flight Training Company Limited	Aviation training services	Thailand	100	100
Held by the subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
Tour Eurng Luang Company Limited	Tourism Business	Thailand	49 ⁽¹⁾	49 ⁽¹⁾

⁽¹⁾ The Group has interest in the ownership and voting rights in these companies, more than one half in accordance with the Articles of Association of these companies and has control and command over the relevant operating and financing activities of such companies. Therefore, the Group classifies these companies as subsidiaries of the Group in accordance with Thai Financial Reporting Standard No. 10.

2.7 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements.

During the period, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s interim financial statements except the following financial reporting standards:

- Group of Financial Instruments Standards (see Note 2.7.1)
- Thai Financial Reporting Standards No. 16 “Leases” (“TFRS 16”) (see Note 2.7.2)
- Accounting Treatment Guidances (see Note 2.7.3)

2.7.1 Group of Financial Instruments Standards

In the current year, the Group has initially applied the Group of Financial Instruments Standards. The Group has elected to recognize the cumulative effect of initially adopting of Thai Financial Reporting Standard No. 9 (“Financial Instruments”) (“TFRS 9”) as an adjustment to the opening balance of retained earnings and other component of shareholders’ equity of the reporting period.

The group of Financial Instruments Standards introduce new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting

Details of these new requirements as well as their impact on the Group’s financial statements are described below.

1) **Classification and measurement of financial instruments**

TFRS 9 requires financial assets to be classified into three measurement categories: amortized cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification depends on the Group’s business model for managing its financial instruments and the contractual cash flow characteristics of the instruments.

Financial liabilities are generally subsequently measured at amortized cost. With regard to the measurement of financial liabilities designated as FVTPL, TFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would not create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability’s credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

2) **Impairment**

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Group to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortized cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirement of TFRS 9 apply.

In particular, TFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group are required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

3) General hedge accounting

The general hedge accounting defines the 3 types of hedge accounting. In addition, the effectiveness test has been assessed. Disclosure requirements about the Group's risk management activities have also been introduced.

The Group has applied the TFRS 9 hedge accounting requirements prospectively from the date of initial application on January 1, 2020. The Group's qualifying hedging relationships in place as at January 1, 2020 also qualify for hedge accounting in accordance with TFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on January 1, 2020. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under TFRS 9's effectiveness assessment requirements.

TFRS 9 requires hedging gains and losses to be recognized as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under Thai Accounting Standard No. 1 "Presentation of Financial Statements" hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorized as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

When an interest rate swap contract is used in a cash flow hedge or fair value hedge relationship, the Group has designated the change in fair value of the entire interest rate swap as the hedging instrument.

The application of the TFRS 9 hedge accounting requirements has had no other impact on the results and financial position of the Group for the current year.

The table below shows the impact of adopting TFRS 9 on the financial statements.

Items	Consolidated statement of financial position			Category
	As at December 31, 2019	Effect from adoption of TFRS 9	As at January 1, 2020	
Unit : Million Baht				
Current assets				
Cash and cash equivalents	21,663	(16)	21,647	Amortized cost
Trade and other current receivables	17,464	53	17,517	Amortized cost
Short-term derivative assets	-	1,179	1,179	Fair value through profit or loss
Non-current assets				
Other long-term investments	64	(64)	-	
Deposit for staff pension fund (present as other non-current assets)	3,859	(3,859)	-	
Other non-current financial assets				
Investment in equity securities	-	19	19	Fair value through other comprehensive income
Investment in debt securities	-	50	50	Fair value through profit or loss
Investment in mutual fund	-	1	1	Fair value through profit or loss
Deposit for staff pension fund	-	3,859	3,859	Amortized cost
Long-term derivative assets	-	2,011	2,011	Fair value through profit or loss
Maintenance reserves	13,004	(10)	12,994	Amortized cost
Deposit for aircraft rental and other non-current assets (present as non-current assets)	5,504	(4)	5,500	Amortized cost
Total effect on assets		3,219		
Current liabilities				
Short-term derivative liabilities	-	236	236	Fair value through profit or loss
Non-current liabilities				
Long-term derivative liabilities	-	1,401	1,401	Fair value through profit or loss
Shareholders' equity				
Deficit	(19,383)	(1,372)	(20,755)	
Other components of shareholders' equity	7,352	2,954	10,306	
Total effect on liabilities and shareholders' equity		3,219		

Unit : Million Baht				
Items	Separate statement of financial position			Category
	As at December 31, 2019	Effect from adoption of TFRS 9	As at January 1, 2020	
Current assets				
Cash and cash equivalents	20,873	(16)	20,857	Amortized cost
Trade and other current receivables	22,896	53	22,949	Amortized cost
Short-term derivative assets	-	1,179	1,179	Fair value through profit or loss
Non-current assets				
Other long-term investments	61	(61)	-	
Deposit for staff pension fund (Present as other non-current assets)	3,859	(3,859)	-	
Other non-current financial assets				
Investment in equity securities	-	16	16	Fair value through other comprehensive income
Investment in debt securities	-	50	50	Fair value through profit or loss
Investment in mutual fund	-	1	1	Fair value through profit or loss
Deposit for staff pension fund	-	3,859	3,859	Amortized cost
Long-term derivative assets	-	2,011	2,011	Fair value through profit or loss
Maintenance reserves	12,956	(10)	12,946	Amortized cost
Deposit for aircraft rental and other non-current assets (present as non-current assets)	5,440	<u>(4)</u>	5,436	Amortized cost
Total effect on assets		<u>3,219</u>		
Current liabilities				
Short-term derivative liabilities	-	236	236	Fair value through profit or loss
Non-current liabilities				
Long-term derivative liabilities	-	1,401	1,401	Fair value through profit or loss
Shareholders' equity				
Deficit	(11,875)	(1,372)	(13,247)	
Other components of shareholders' equity	7,352	<u>2,954</u>	10,306	
Total effect on liabilities and shareholders' equity		<u>3,219</u>		

Statements of changes in shareholders' equity as at January 1, 2020

	Consolidated financial statements		Separate financial statements	
	Deficit	Other components of shareholders' equity	Deficit	Other components of shareholders' equity
As at December 31, 2019				
- as reported				
Increase (decrease) due to:	(19,383)	7,352	(11,875)	7,352
Adoption of TFRSs, group of Financial Instruments Standards				
Gain on investment in equity designated at fair value through other comprehensive income	-	6	-	6
Reversal of impairment of financial assets	23	-	23	-
Gain (loss) on hedge accounting and derivatives	(1,395)	2,948	(1,395)	2,948
As at January 1, 2020 - as restated	(20,755)	10,306	(13,247)	10,306

2.7.2 Thai Financial Reporting Standards No. 16 “Leases” (“TFRS 16”)

The Company has applied TFRS 16 using the cumulative catch-up approach which:

- Requires the Group to recognize the cumulative effect of initially applying TFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not restate the comparative information and continue to present comparative information under Thai Accounting Standard No. 17 “Leases” (“TAS 17”) and Thai Financial Reporting Standard Interpretation No. 4 “Determining whether an Arrangement contains a Lease” (“TFRIC 4”).

a) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. TFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on “risk and rewards” in TAS 17 and TFRIC 4.

The Group applies the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or changed on or after January 1, 2020 (whether it is a lessor or a lease in the lease contract). In preparation for the first-time application TFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in TFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

The Group has made use of the practical expedient available on transition to TFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with TAS 17 and TFRIC 4 will continue to be applied to those leases entered or changed before January 1, 2020.

b) Impact on Lessee Accounting

Former operating leases

TFRS 16 changes how the Group account for lease previously classified as operating leases under TAS 17, which were off balance sheet.

Applying TFRS 16, for all leases (except as noted below), the Group:

- 1) Recognizes right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with TFRS 16.
- 2) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income.
- 3) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statements of cash flows.

Lease incentives (e.g. rent free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses on a straight line basis.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with Thai Accounting Standard No. 36 “Impairment of Assets” (“TAS 36”).

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items such as office furniture and telephones), the Group has opted to recognize a lease expense on a straight-line basis as permitted by TFRS 16. This expense is presented within “other expenses” in the statement of profit or loss and other comprehensive income.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying TAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognized under Thai Accounting Standard No. 37 “Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”) in the statements of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term end within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying TAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying TAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in case where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying TFRS 16 from January 1, 2020.

c) Impact on Lessor Accounting

TFRS 16 does not change substantially how a lessor accounts for leases. Under TFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, TFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under TFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head (and not by reference to the underlying asset as was the case under TAS 17).

Because of this change, the Group has reclassified certain of its operating sublease agreements as finance leases and accounted for them as new finance leases entered into at the date of initial application. As required by TFRS 9, an allowance for expected credit losses has been recognized on the finance lease receivables.

Financial impact of the initial application of TFRS 16

The Group recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. The weight average lessees incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 2.3780% to 4.0952% per annum.

The following table shows the operating lease commitments disclosed applying TAS 17 at December 31, 2019, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Operating lease commitments		
- Aircraft as at December 31, 2019	108,854	108,819
Operating lease commitments		
- Other fixed assets as at December 31, 2019	13,211	13,211
<u>Less</u> Aircraft lease commitments		
which had not been delivered	(11,523)	(11,523)
Short-term leases and leases of low-value assets	(97)	(85)
Effect of discounting the above amounts	(16,127)	(16,126)
Reclassified lease liabilities as previously recognized from TAS 17	46,456	46,456
Lease liabilities recognized as at January 1, 2020	140,774	140,752

Transitions of TFRS 16 as at January 1, 2020, are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Right-of-use assets	191,382	191,360
Lease liabilities	94,318	94,296
Estimated expenses after contract expiration	178	178
Prepaid expenses	590	590
Reclassified asset held under finance lease as previously recognized from TAS 17	96,296	96,296

2.7.3 Accounting Treatment Guidances

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

The Group has not adopted such accounting treatment guidance in the preparation of the interim financial statements for the three-month and nine-month periods ended September 30, 2020.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The Group has elected to apply the following temporary relief measures for alternatives are as follows:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at January 1, 2020.
- To lightly weight information relating to the COVID-19 situation in applying the valuation technique to measure the fair value of financial assets in the form of debt instruments using Level 2 inputs.

- Not to account for any information relating to the COVID-19 situation that may affect the financial forecasts applying for the valuation technique to measure the fair value of non-financial assets such as property, plant and equipment.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.
- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.
- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment or an intangible asset with an indefinite useful life.
- Not to consider the COVID-19 situation as an event that causes current obligations resulting from past events in provision contingent liabilities and contingent assets.

2.8 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

Definition of Business

The revised Thai Financial Reporting Standard No.3 “Business Combinations” clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No. 1 “Presentation of Financial Statements” and Thai Accounting Standards No. 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

The Interest Rate Reform

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No.9 “Financial Instruments” and Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019, except the adoption of new and revised Thai Financial Reporting Standards as mentioned in Note 2. Accounting policies which significantly changed are as follows:

3.1 Financial instruments

Classification and measurement

Financial assets that are debt securities are measured at fair value through profit or loss, or amortized cost. The classification is derived by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets which is equity securities are measured at fair value through other comprehensive income, which is presented under other non-current financial assets.

Financial liabilities are classified and measured at amortized cost. The Group has elected to measure liabilities at fair value through profit or loss when stipulated conditions are met.

Derivatives are classified and measured at fair value through profit or loss unless hedge accounting is applied to the derivative contracts.

Impairment of financial assets

The Group recognize an allowance for expected credit losses on its financial assets which measured at amortized cost and lease receivable, without requiring a credit - impaired event to have occurred prior to the recognition. The Group accounts for changes in credit risk losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables or contract asset that do not contain a significant financing component and lease receivable, the Group applies a simplified approach to determine the lifetime expected credit losses.

Hedge accounting

The Group Considered hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges - the change in the fair value of a hedging instrument and the hedged item attributable to the risk are recognized in profit or loss.

Cash flow hedges - the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income, while any ineffective portion is recognized immediately in profit or loss.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair value of a hedging derivative is classified as a non-current asset or non-current liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or current liability when the remaining maturity of the hedged item is less than 12 months. The Group classified trading derivatives as a current asset or current liability.

The Group recognized effective portion of changes in the fair value of derivatives that are designated and qualify of cash flow hedges in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains or losses.

Amounts accumulated in equity are reclassified as profit or loss in the periods when the Group recognized hedged item as profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the Group will classified gain or loss and cumulative hedging costs and previously presented included in equity until the forecast transaction occurs or when the forecast transaction is no longer expected to occur, the Group will classified gain or loss and cumulative hedging costs and previously presented in equity are immediately reclassified to profit or loss.

3.2 Leases

The Group has applied TFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under TAS 17. The details of accounting policies under both TAS 17 and TFRS 16 are as follows:

a) Policies applicable from January 1, 2020

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets i.e. tablets and personal computers, small items such as office furniture and telephones. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified or/and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under TAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use assets is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, Plant and Equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Policies applicable prior to January 1, 2020

Aircraft under finance leases are presented at cost including engines and other flight equipment as well as cost of decoration incurred prior to the aircraft being placed into service, excluding passenger seats and the first estimated overhaul cost, and less any concessions for the acquisition of aircraft. Depreciation is calculated on a straight-line basis over an estimated useful life of 20 years, using a residual value 6 percent of cost.

Aircraft under operating leases are recognized as expense throughout the lease period on an accrual basis

4. REHABILITATION PLANS

The situation of the epidemic of the coronary virus infection 2019 (“COVID-19”) that is now continuously expanding throughout all regions of the world causing each country to escalate preventive epidemic control measures by strict screening and prohibiting travelling from both departure and arrival causing the Company suspended domestic and international flights from March 25, 2020 which had significant impact to revenue of the Company.

On May 20, 2020, The Extraordinary Meeting of the Board of Directors No. 10/2020, and the Extraordinary Meeting of the Board of Directors No. 10-1/2020, held on May 25, 2020, passed a resolution to the Company to submit a petition to enter into a business rehabilitation process and propose the rehabilitation planners (“the Planners”) to the Central Bankruptcy Court under the Bankruptcy Act B.E. 2483. On May 26, 2020 the Company submitted a petition to enter into a business rehabilitation and proposed the rehabilitation planners to the Central Bankruptcy Court and on May 27, 2020, the Central Bankruptcy Court has issued an order to accept the business rehabilitation petition and set the hearing date on rehabilitation petition of the Company. The summarized details of the actions relating to the filing for rehabilitation of the Company are as follows:

- The Company, as the debtor, has filed for rehabilitation with the Central Bankruptcy Court.
- The Company has proposed to appoint EY Corporate Advisory Services Limited together with ACM Chaiyapruk Didyasarin, Mr. Chakkrit Parapuntakul, Mr. Pirapan Salirathavibhaga, Mr. Boontuck Wungcharoen, Mr. Piyasvasti Amranand, and Mr. Chansin Treenuchagron, the Company’s directors to jointly be the Planners. In this connection, once the Court renders the business rehabilitation order and appoint the Planners, the appointed Planners will have the authority and duty in managing the business and assets of the Company.
- This rehabilitation process is supported by the laws, which provides equitable protection to relevant parties. The Company is still able to continue normal business while in the business rehabilitation process, including passenger transportation services to Thai Airways’ destinations in various countries or mail transportation with the business rehabilitation.

On September 14, 2020, the Central Bankruptcy Court granted the Company’s business rehabilitation petition and appointed the Planners as nominated by the Company. Subsequently, the Official Receiver has announced the Court Order of the Company’s business rehabilitation petition and appointed the Planners in the Royal Gazette on October 2, 2020. Currently, the Planners is in process of preparing the rehabilitation plan which expects to propose the rehabilitation plan to the Official Receiver by the fourth quarter of year 2020 or within the first quarter of year 2021 as the last. Then, the Official Receiver will call a creditors’ meeting to consider the Company’s rehabilitation plan and further submit to the Central Bankruptcy Court to approve the rehabilitation plan.

5. RELATED PARTIES TRANSACTIONS

Related parties of the Company are defined as persons or entities that control the Company or are controlled by the Company, whether directly or indirectly or are under the same control as the Company including holding companies. In addition, related parties also include individuals owning, directly or indirectly, and interest in the voting shares of the Company, and have significant influence over the Company, key management personnel, directors or officers of the Company. This also applies to the close members of the family of such individuals and companies associated with these individuals.

In considering each possible related person or parties relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

5.1 Significant related parties transactions for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

For the three-month periods ended September 30,

	Consolidated		Unit : Million Baht	
	financial statements 2020	financial statements 2019	financial statements 2020	financial statements 2019
Major shareholder				
Sales and rendering of services	2	5	2	5
Purchases and services	-	9	-	9
Interest expense	643	89	643	89
Subsidiaries				
Sales and rendering of services	-	-	1,236	2,378
Purchases and services	-	-	237	2,316
Associates				
Sales and rendering of services	141	38	141	38
Purchases and services	-	116	19	116
Dividend received	-	-	30	33
Director and managements remuneration				
Short-term management remuneration	5	18	4	17
Directors' remuneration	2	4	2	3

For the nine-month periods ended September 30,

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2020	2019	2020	2019
Major shareholder				
Sales and rendering of services	2	7	2	7
Purchases and services	10	86	10	86
Interest expense	1,049	241	1,049	241
Subsidiaries				
Sales and rendering of services	-	-	4,089	7,231
Purchases and services	-	-	2,322	6,232
Dividend received	-	-	26	58
Associates				
Sales and rendering of services	212	147	212	147
Purchases and services	200	400	229	400
Dividend received	-	-	177	272
Director and managements remuneration				
Short-term management remuneration	27	55	23	50
Directors' remuneration	7	13	6	11

Management remuneration considered in accordance with the Securities and Exchange Law, whereby the executive is the managing director of the Company. The first 4 level of executives of the Company and all positions equivalent to the 4th management level, following the Company's managing director, including some executive management of Accounting and Finance.

The Group recognized post-management benefit in the consolidated and separate statements of profit or loss and other comprehensive income for the three-month periods ended September 30, 2020 and 2019 of Baht 380,000 and Baht 350,000, respectively, and for the nine-month periods ended September 30, 2020 and 2019 of Baht 1,140,000 and Baht 1,050,000, respectively.

- 5.2 Balances as at September 30, 2020 and December 31, 2019 with related parties are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Trade and other current receivables				
Subsidiaries	-	-	9,478	5,673
Associates	169	56	169	56
Total	<u>169</u>	<u>56</u>	<u>9,647</u>	<u>5,729</u>

Trade and other current receivables presented balances before deducted expected credit loss (see Note 7).

	Consolidated		Unit : Million Baht Separate	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Current lease receivable (see Note 7)				
Subsidiary	-	-	1,377	-
Total	<u>-</u>	<u>-</u>	<u>1,377</u>	<u>-</u>
Non-current lease receivable				
Subsidiary	-	-	5,578	-
Total	<u>-</u>	<u>-</u>	<u>5,578</u>	<u>-</u>
Trade and other current payables				
Subsidiaries	-	-	150	1
Associates	45	2	45	2
Total	<u>45</u>	<u>2</u>	<u>195</u>	<u>3</u>
Short-term borrowings from related parties				
Domestic financial institution controlled by major shareholder	11,414	3,500	11,414	3,500
Total	<u>11,414</u>	<u>3,500</u>	<u>11,414</u>	<u>3,500</u>

Short-term borrowings from domestic financial institution controlled by major shareholder had fixed interest rate at 1.14% - 3.40% p.a. and floating interest rate at 6 Month Fixed Deposit Rate + 2.50% p.a. The Company did not use fixed assets or other securities as collateral.

During the nine-month period ended September 30, 2020, the Company had additional short-term borrowings from related parties of Baht 15,500 million and repayment the principal of Baht 7,586 million which was included the set off of the borrowing with deposit at bank of Baht 586 million.

Long-term borrowings from related parties as at September 30, 2020 and December 31, 2019 are consisted of:

	Unit : Million Baht Consolidated and separate financial statements	
	September 30, 2020	December 31, 2019
Long-term borrowings from related parties		
From foreign financial institution through major shareholder	12,589	11,978
From domestic financial institution controlled by major shareholder	2,411	2,437
Total	<u>15,000</u>	<u>14,415</u>

Details of long-term borrowings from related parties as at September 30, 2020 and December 31, 2019 are as follows:

	Unit : Million Baht				
	Consolidated and separated financial statements				
	Interest rate	Repayment date		Amount	
% per annum	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	
Long-term borrowings from related parties					
Current portion					
From foreign financial institution through major shareholder ⁽¹⁾	2.31	at call	July 15, 2020	12,589	1,090
From domestic financial institution controlled by the major shareholder ⁽²⁾	1.90	at call	June 30, 2020	411	235
From domestic financial institution controlled by the major shareholder ⁽³⁾	1.87	at call	April 30, 2020	2,000	300
				<u>15,000</u>	<u>1,625</u>
Amount over one year					
From foreign financial institution through major shareholder ⁽¹⁾	2.31	-	July 15, 2030	-	10,888
From domestic financial institution controlled by the major shareholder ⁽²⁾	1.90	-	December 31, 2021	-	202
From domestic financial institution controlled by the major shareholder ⁽³⁾	1.87	-	January 17, 2025	-	1,700
				<u>-</u>	<u>12,790</u>
Total				<u>15,000</u>	<u>14,415</u>

⁽¹⁾ Borrowings from foreign financial institutions through major shareholder was the loans that the Ministry of Finance entered into the borrowings agreements with foreign financial institution and the Ministry of Finance had given such borrowings to the Company in Euro currency. The Company agreed to make repayment of such borrowings and interest to the major shareholder in the borrowed currency.

On May 22, 2020, the Ministry of Finance sent the notice of request to make the debt payment of Euro 355 million to the Company, including fee relating to such borrowings within June 15, 2020. However, the Company was in Automatic Stay status for protect the receivable and could not be able to make repayment. Therefore, the Company reclassified the borrowings due over one year to be the current portion.

⁽²⁾ Borrowings from domestic financial institution controlled by the major shareholder was the borrowings in Yen currency, having the requirement to register the aircraft (A330-300, 2 aircraft) as business collateral, with the total credit of Yen 4,200 million as a repayment collateral (see Note 10). According to the business rehabilitation process, the Company unable to pay interest and principal to the lender which caused the default of payment. As a result, the lender has the right to call for immediate repayment of the entire amount. Therefore, the Company classified long-term borrowings as current-liabilities due within one year.

⁽³⁾ On April 29, 2020, the Company entered into the amendment to change the condition of long-term borrowings agreement with domestic financial institution controlled by the major shareholder of Baht 2,000 million which was previously had first maturity period in April 2020 and last maturity period in January 2025 to the first maturity period in April 2021 and last maturity period in January 2026. Subsequently on May 18, 2020, the debtor sent the notice of request to make the repayment of the principle of the promissory note and its interest to the Company on May 22, 2020. Therefore, the Company reclassified such long-term borrowings to be the current liabilities due within one year.

During the nine-month period ended September 30, 2020, the Company made repayment of long-term borrowings from related parties of Baht 725 million and no additional long-term borrowings from related parties was made.

5.3 Significant agreements with related parties

Aircraft leases

The Company entered into A320-200 aircraft sublease agreements with Thai Smile Airways Company Limited with lease period of 3 - 12 years, totaling 20 aircrafts, consisted of 15 aircrafts which were under operating lease agreements with monthly lease payment and 5 aircrafts which were under finance lease agreements with quarterly lease payment. As a result of sublease agreements, the Company had current lease receivables (recognized as trade and other current receivables) and non-current lease receivable in the separate financial statements as at September 30, 2020 of Baht 1,377 million and Baht 5,578 million, respectively.

Services agreement

The Company entered into services agreement with Thai Smile Airways Company Limited for providing maintenance service and repair aircraft and aircraft's equipment which Thai Smile Airways Company Limited leased from the Company under the price and conditions stated in the agreements.

Leasing Space Agreement and license to operate business

The Company entered into leasing space agreement and license to operate business agreement with Airports of Thailand Public Company Limited under the price and conditions stated in the agreements (see Notes 10 and 27.4).

6. ADDITIONAL CASH FLOWS INFORMATION

6.1 Cash and Cash Equivalents

Cash and cash equivalents as at September 30, 2020 and December 31, 2019 consist of:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	September 30,	December 31,	September 30,	December 31,
	2020	2019	2020	2019
Cash on hand - Domestic	9	13	8	10
Cash on hand - Foreign	6	18	5	18
Cash at banks - Domestic	6,957	12,561	6,269	12,032
Cash at banks - Foreign	4,173	9,071	4,135	8,813
Total cash and cash equivalents	11,145	21,663	10,417	20,873
Less Expected credit loss	(6)	-	(6)	-
Total cash and cash equivalents	11,139	21,663	10,411	20,873

6.2 Non-cash items for the nine-month periods ended September 30, 2020 and 2019, are as follows:

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Payable for purchase of assets	592	164	592	164
Lease payables	4,031	-	4,031	-
Right-of-use assets ⁽¹⁾	191,382	-	191,360	-
Lease liabilities ⁽¹⁾	94,318	-	94,296	-
Estimated expenses after contract expiration ⁽¹⁾	178	-	178	-
Prepaid expenses ⁽¹⁾	590	-	590	-
Reclassified asset held under finance lease ⁽¹⁾	96,296	-	96,296	-
	<u>387,387</u>	<u>164</u>	<u>387,343</u>	<u>164</u>

⁽¹⁾ List of the impact of non-cash items as at January 1, 2020, from the initial adoption of TFRS 16 (see Note 2.7.2).

6.3 Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities, including cash items and non-cash items that are classified as financing activities in the statements of cash flow, are as follows:

As at September 30, 2020	Unit : Million Baht					
	Consolidated financial statements					
	Balance as at January 1, 2020	Cash flows from financing activities	Changes from non-cash items Exchange rate	Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	Balance as at September 30, 2020
Short-term borrowings from financial institutions	-	3,730	-	-	-	3,730
Short-term borrowings from related parties	3,500	7,914	-	-	-	11,414
Long-term borrowings from financial institutions	8,873	(362)	-	-	-	8,511
Long-term borrowings from related parties	14,415	(725)	1,310	-	-	15,000
Lease liabilities	-	(7,755)	5,901	140,774	(6,565)	132,355
Debentures	74,108	(2,500)	-	-	-	71,608
Total	<u>100,896</u>	<u>302</u>	<u>7,211</u>	<u>140,774</u>	<u>(6,565)</u>	<u>242,618</u>

⁽¹⁾ Financial impact as at January 1, 2020 from the initial adoption of TFRS 16 (see Note 2.7.2)

⁽²⁾ Remeasurements variable rates of lease agreement and reclassification of lease payables (see Note 15)

Unit : Million Baht						
As at September 30, 2019	Consolidated financial statements					Balance as at September 30, 2019
	Balance as at January 1, 2019	Cash flows from financing activities	Changes from non-cash items Exchange rate	Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	
Short-term borrowings from financial institutions	2,000	(2,000)	-	-	-	-
Short-term borrowings from related parties	1,000	3,000	-	-	-	4,000
Long-term borrowings from financial institutions	7,358	577	-	-	-	7,935
Long-term borrowings from related parties	17,086	(1,521)	(1,181)	-	-	14,384
Lease liabilities	58,982	(7,078)	(3,138)	-	-	48,766
Debentures	64,850	3,700	-	-	-	68,550
Total	151,276	(3,322)	(4,319)	-	-	143,635

Unit : Million Baht						
As at September 30, 2020	Separate financial statements					Balance as at September 30, 2020
	Balance as at January 1, 2020	Cash flows from financing activities	Changes from non-cash items Exchange rate	Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	
Short-term borrowings from financial institutions	-	3,730	-	-	-	3,730
Short-term borrowings from related parties	3,500	7,914	-	-	-	11,414
Long-term borrowings from financial institutions	8,873	(362)	-	-	-	8,511
Long-term borrowings from related parties	14,415	(725)	1,310	-	-	15,000
Lease liabilities	-	(7,744)	5,901	140,752	(6,579)	132,330
Debentures	74,108	(2,500)	-	-	-	71,608
Total	100,896	313	7,211	140,752	(6,579)	242,593

Unit : Million Baht						
As at September 30, 2019	Separate financial statements					Balance as at September 30, 2019
	Balance as at January 1, 2019	Cash flows from financing activities	Changes from non-cash items Exchange rate	Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	
Short-term borrowings from financial institutions	2,000	(2,000)	-	-	-	-
Short-term borrowings from related parties	1,000	3,000	-	-	-	4,000
Long-term borrowings from financial institutions	7,358	577	-	-	-	7,935
Long-term borrowings from related parties	17,086	(1,521)	(1,181)	-	-	14,384
Lease liabilities	58,982	(7,078)	(3,138)	-	-	48,766
Debentures	64,850	3,700	-	-	-	68,550
Total	151,276	(3,322)	(4,319)	-	-	143,635

⁽¹⁾ Financial impact as at January 1, 2020 from the initial adoption of TFRS 16 (see Note 2.7.2)

⁽²⁾ Remeasurements variable rates of lease agreement are reclassification of lease payables (see Note 15)

7. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at September 30, 2020 and December 31, 2019 are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Trade receivables				
Related parties (see Note 5)	169	56	1,649	1,967
Others	3,527	10,460	2,858	9,240
<u>Less</u> Expected credit loss	<u>(1,474)</u>	<u>(1,278)</u>	<u>(2,875)</u>	<u>(1,248)</u>
Total trade receivables	<u>2,222</u>	<u>9,238</u>	<u>1,632</u>	<u>9,959</u>
Other receivables				
Related parties (see Note 5)	-	-	7,998	3,762
Others	2,741	3,610	2,239	4,318
<u>Less</u> Expected credit loss	<u>(185)</u>	<u>(255)</u>	<u>(5,941)</u>	<u>(255)</u>
Total other receivables	<u>2,556</u>	<u>3,355</u>	<u>4,296</u>	<u>7,825</u>
	<u>4,778</u>	<u>12,593</u>	<u>5,928</u>	<u>17,784</u>
Current lease receivables (see Note 5)	-	-	1,377	-
Accrued income	1,559	2,008	1,849	2,031
Receivable - Revenue Department	562	905	562	905
Prepaid expenses and deposits	1,069	1,958	1,210	2,176
Total	<u>7,968</u>	<u>17,464</u>	<u>10,926</u>	<u>22,896</u>

As at September 30, 2020, the Company recognized expected credit loss on trade receivables and other current receivables of Baht 2,875 million and Baht 5,941 million, respectively, in the separate financial statements because of the expected credit loss in accordance with TFRS 9, most of them were expected credit loss of receivables of Thai Smile Airways Company Limited, a subsidiary, of Baht 7,188 million and other receivables of Baht 1,628 million.

Aging analysis of trade receivables are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Aging periods:				
Not over 6 months	1,719	8,776	1,737	9,336
Over 6 months to 1 year	643	439	1,354	599
Over 1 year to 2 years	140	233	250	233
Over 2 years	1,194	1,068	1,166	1,039
Total	3,696	10,516	4,507	11,207
<u>Less</u> Expected credit loss	<u>(1,474)</u>	<u>(1,278)</u>	<u>(2,875)</u>	<u>(1,248)</u>
Total trade receivables	<u>2,222</u>	<u>9,238</u>	<u>1,632</u>	<u>9,959</u>

8. NON-CURRENT ASSETS HELD FOR SALE

During the nine-month period ended September 30, 2020, the Company transferred an aircraft B737-400 from non-performing asset to be non-current asset held for sale in the amount of Baht 10 million, because there is possibility to complete the sales plan within 1 year from the date of signing the sale-purchase contract (see Note 13).

During the three-month and nine-month periods ended September 30, 2020, the Company reversed impairment of non-current asset held for sale in the amount of Baht 26 million and Baht 17 million, respectively, in statements of profit or loss and other comprehensive income.

9. INVESTMENTS

9.1 Investments in associates

Investments in associates which are recorded by equity method for the consolidated financial statements and cost method for the separate financial statements as at September 30, 2020 and December 31, 2019 and dividend received for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

Unit : Million Baht												
	Country of incorporation	Nature of business	Percentage of shareholding		Paid up capital		Consolidated financial statements		Separate financial statements		Cost method - net	
			September 30,	December 31,	September 30,	December 31,	Equity method		Cost method			
			2020	2019	2020	2019	September 30,	December 31,	September 30,	December 31,	September 30,	December 31,
Associates												
Donmuang International Airport Hotel Company Limited	Thailand	Hotel business	40.00	40.00	120	120	87	101	48	48	48	48
Bangkok Aviation Fuel Services Public Company Limited ⁽¹⁾	Thailand	Fuel service in the airport	22.59	22.59	637	637	1,060	1,272	115	115	115	115
Phuket Air Catering Company Limited	Thailand	Produce food and provide products for airlines	30.00	30.00	100	100	195	229	30	30	30	30
Suvarnabhumi Airport Hotel Company Limited	Thailand	Hotel business	30.00	30.00	1,018	1,018	312	312	305	305	305	305
Nok Airlines Public Company Limited ⁽²⁾	Thailand	Air transportation services	13.28	15.94	3,729	3,109	-	187	736	736	312	736
Total							1,654	2,101	1,234	1,234	810	1,234

⁽¹⁾ As at September 30, 2020 and December 31, 2019, fair value of Bangkok Aviation Fuel Services Public Company Limited were Baht 2,361 million and Baht 3,456 million, respectively.

⁽²⁾ In February 2020, Nok Airlines Public Company Limited offered new ordinary shares 888,147,358 shares at the par value of Baht 1 per share, at the offering price of Baht 2.50 per share. However, the Company did not subscribe to the newly ordinary shares that caused decreasing the Company's shareholding percentage from 15.94% as at December 31, 2019 to 13.28% as at September 30, 2020. Nok Airlines Public Company Limited received net cash after deduction of expenses from such offering of 620,670,967 shares in the amount of Baht 1,548.24 million and registered its capital increased on February 18, 2020.

Due to the impact of COVID-19 pandemic had affected to the airline business including the performance of Nok Airlines Public Company Limited and the entering into the rehabilitation process under the Central Bankruptcy Court. Such situations indicated the impairment indicator in the investment of Nok Airlines Public Company Limited. The Company considered to record an allowance for the impairment of the investment in the amount of Baht 424 million. As a result, the Company's investment in Nok Airlines Public Company Limited as at September 30, 2020 was equaled to Baht 312 million in the separate financial statements. As at September 30, 2020 and December 31, 2019, Nok Airline Public Company Limited had the fair value in the amount of Baht 312 million and Baht 991 million, respectively.

For the three-month period ended September 30, 2020, the Company had dividend received from Phuket Air Catering Company Limited in the amount of Baht 30 million and for the nine-month period ended September 30, 2020, the Company had dividend received from Bangkok Aviation Fuel Services Public Company Limited in the amount of Baht 147 million and Phuket Air Catering Company Limited in the amount of Baht 30 million. For the three-month period ended September 30, 2019, the Company had dividend received from Bangkok Aviation Fuel Services Public Company Limited in the amount of Baht 33 million and for the nine-month period ended September 30, 2019, the Company had dividend received from Donmuang International Airport Hotel Company Limited in the amount of Baht 24 million, Bangkok Aviation Fuel Service Public Company Limited in the amount of Baht 197 million and Phuket Air catering Company Limited in the amount of Baht 51 million.

9.2 Investments in subsidiaries

Investments in subsidiaries recorded by cost method for the separate financial statements as at September 30, 2020 and December 31, 2019 and dividend received for the nine-month periods ended September 30, 2020 and 2019 are as follows:

Unit : Million Baht

Subsidiaries	Country of incorporation	Nature of business	Percentage of shareholding		Paid up capital		Separate financial statements				Dividend received For the nine-month periods ended	
			September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	Cost Method		Cost Method - net		September 30, 2020	September 30, 2019
							September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019		
Thai-Amadeus Southeast Asia Company Limited	Thailand	Integrated travel information technology service	55.00	55.00	15	15	8	8	8	8	25	57
WingSpan Services Company Limited	Thailand	Specialized personnel services for companies	49.00	49.00	2	2	1	1	1	1	-	-
Thai Flight Training Company Limited	Thailand	Training service aviation	49.00	49.00	2	2	1	1	1	1	1	1
Thai Smile Airways Company Limited ⁽¹⁾	Thailand	Air transportation services	100.00	100.00	1,800	1,800	1,800	1,800	- ⁽¹⁾	1,800	-	-
Total							1,810	1,810	10	1,810	26	58

⁽¹⁾ During the nine-month period ended September 30, 2020, the Company had assessed the performance of Thai Smile Airways Company Limited as at September 30, 2020 which continuously had accumulated loss and capital deficiency in the amount of Baht 9,503 million and considered the impact of the COVID-19 pandemic to airline business. The Company assessed as there had the impairment indicator in investment in Thai Smile Airways Company Limited and considered the recoverable amount of such investment was less than net carrying amount. Therefore, the Company recognized an allowance for impairment of such investment for whole amount.

10. PROPERTY PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the nine-month period ended September 30, 2020 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Net book value as at January 1, 2020	171,116	171,083
Acquisitions during the period - at cost	949	948
Disposals during the period - net book value at disposal date	(19)	(19)
Transfers to non-performing assets	(1)	(1)
Reclassify to right-of-use assets due to TFRS 16 adoption (see Note 11)	(96,296)	(96,296)
Adjust/ transfers of aircraft	1,944	1,944
Depreciation for the period	(6,931)	(6,925)
Allowance for impairment for the period	(3,242)	(3,242)
Net book value as at September 30, 2020	67,520	67,492

As at September 30, 2020, the Company had 103 aircrafts represented in the Company's fleet, which consisted of 33 own aircrafts and 70 aircrafts under lease agreements presented as right-of-use assets (see Note 11).

As at September 30, 2020, there were 33 aircrafts represented in the Company's fleet, consisting of 2 own aircrafts with the net book value of Baht 4,037 million were pledged as business collateral (see Note 5.2) and 31 aircrafts under finance lease with the net book value of Baht 91,331 million were pledged as collateral for Asset-based Financing. The ownership of these aircrafts under finance lease will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term. During the nine-month period ended September 30, 2020, the Company transferred 1 aircraft under the conditions of the finance lease in the amount of Baht 1,954 million (see Note 11).

As at September 30, 2020, property, plant and equipment included the building on leased land which were leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with the net book value of Baht 3,295 million, with a lease term of 30 years starting from September 28, 2006 to September 27, 2036 and will renew the contract period for 4 years from September 28, 2036 to September 27, 2040. At the end of contract, the ownership of the buildings and their component parts will be transferred to the Ministry of Finance. Moreover, the Company had building on leased land which are leased from Airports of Thailand Public Company Limited at Don Mueang Airport, which were fully depreciated. The lease agreement at Don mueang Airport is currently under the negotiation with Airports of Thailand Public Company Limited (see Notes 5.3 and 27.4).

During the three-month and nine-month periods ended September 30, 2020, the Company recognized an allowance for impairment in the amount of Baht 204 million and Baht 3,242 million, respectively, which were mainly from impairment of 12 aircrafts which consisted of 6 B747-400 aircrafts and 6 B777-200 aircrafts, in the amount of Baht 3,087 million that had discontinued plan.

11. RIGHT-OF-USE ASSETS

Movements of right-of-use assets during the nine-month period ended September 30, 2020 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Net book value as at January 1, 2020	-	-
Reclassify of right-of-use assets due to TFRS 16 adoption (see Note 2.7.2)	95,086	95,064
Reclassify of finance lease assets due to TFRS 16 adoption (see Note 10)	96,296	96,296
Decrease on asset transfer due to sublease agreement with a subsidiary as at January 1, 2020	-	(7,759)
Remeasurement of right-of-use assets	(5,049)	(5,063)
Transfer aircraft under finance lease which were matured to property, plant and equipment (see Note 10)	(1,954)	(1,954)
Decrease during the period	(28)	(28)
Depreciation for the period	(13,985)	(12,844)
Net book value as at September 30, 2020	<u>170,366</u>	<u>163,712</u>

12. MAINTENANCE RESERVES FOR AIRCRAFT

Movements of maintenance reserves for aircraft during the nine-month period ended September 30, 2020 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Maintenance reserves for aircraft at the beginning period	13,004	12,956
<u>Add</u> Increased	1,264	1,264
<u>Less</u> Received	(39)	(39)
<u>Add</u> Adjusted from exchange rate	496	544
<u>Less</u> Expected credit losses	(11)	(11)
Maintenance reserves for aircraft at the ending period	<u>14,714</u>	<u>14,714</u>

Maintenance reserve for aircraft under lease agreement was secured for lessors as a guarantee for engine and aircraft maintenance in accordance with flight condition and maintenance schedule which can be refunded when the aircraft was overhauled according to the maintenance plan under conditions specified in the contract.

13. OTHER NON-CURRENT ASSETS

Other non-current assets as at September 30, 2020 and December 31, 2019 are as follows:

	Consolidated Financial Statements		Unit: Million Baht Separate Financial Statements	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Deferred expenses	1,607	1,865	1,537	1,787
Non-performing assets	3,224	3,650	3,224	3,650
Security deposits under aircraft lease agreement	3,511	4,793	3,511	4,793
Cash at bank for pension fund (see Note 17)	-	3,859	-	3,859
Others	744	711	612	647
Less Expected credit losses	(3)	-	(3)	-
Total	9,083	14,878	8,881	14,736

As at September 30, 2020, the Company had non-performing assets in the consolidated and separate financial statements in the amount of Baht 3,224 million, which presented in the net amount after deducting allowance for impairment.

Movements of the non-performing asset on consolidated and separated financial statements for the nine-month period ended September 30, 2020 are as follows:

	As at	Impairment	Adjustments/ Transfer	Unit: Million Baht As at
	January 1, 2020			September 30, 2020
Aircraft (see Note 8)	2,921	(266)	(12)	2,643
Engines	424	(5)	-	419
Land	243	-	(142)	101
Others assets	62	-	(1)	61
Total	3,650	(271)	(155)	3,224

As at September 30, 2020, the Company had 12 non-performing aircrafts consisted of 1 A300-600 aircraft, 3 A340-500 aircrafts, 6 A340-600 aircrafts and 2 B737-400 aircrafts, totaling amount of Baht 2,643 million.

During the three-month and nine-month periods ended September 30, 2020, the Company recognized impairment losses on non-performing aircraft of Baht 264 million and Baht 266 million, respectively, in the consolidated and separate statements of profit or loss and other comprehensive income.

14. INTEREST BEARING LIABILITIES

14.1. Short-term borrowings from financial institutions

Short-term borrowings from financial institutions as at September 30, 2020 and December 31, 2019 are as follows:

	Unit: Million Baht			
	Fix Interest rate (% per annum)		Consolidated and separate financial statements	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Short-term borrowings from financial institutions	2.15 - 2.85	-	3,730	-
Total			<u>3,730</u>	<u>-</u>

During the nine-month period ended September 30, 2020, the Company had additional short-term borrowings from financial institutions of Baht 4,000 million and made repayment of principle amounting to Baht 270 million. The Company already recognized default interest rate (see Note 1).

The Company did not use fixed assets or other securities as collateral for any borrowings.

14.2. Long-term borrowings from financial institutions

Long-term borrowings from financial institutions as at September 30, 2020 and December 31, 2019 are as follows:

Maturity Date	Unit: Million Baht			
	Floating Interest rate (% per annum)		Consolidated and separate financial statements	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
December 31, 2020	2.58	3.41	2,920	2,920
September 29, 2021	3.56	4.26	754	784
October 7, 2022	2.18	2.92	2,000	2,000
August 27, 2023	2.15	2.98	437	469
March 31, 2024	2.83	3.66	2,400	2,700
Total			<u>8,511</u>	<u>8,873</u>
<u>Less</u> Due within 1 year			<u>(8,511)</u>	<u>(3,768)</u>
Remaining portion of long-term borrowings			<u>-</u>	<u>5,105</u>

During the nine-month period ended September 30, 2020, the Company did not have additional long-term borrowings from financial institutions. The Company had repayment of principle amounting to Baht 362 million.

On May 27, 2020, the Central Bankruptcy Court has issued an order to accept the business rehabilitation petition, caused the Company to enter into a business rehabilitation process. As a result, the financial institutions have the rights to claim the loan debt under contracts immediately, together with the default payment of outstanding debts and debts that will be due which was met the default conditions of long-term borrowings. Long-term borrowings which will be due in more than one year of Baht 8,511 million have been classified as current liabilities in the consolidated and separate financial statements according to the conditions in the agreement and the Company already recognized default interest rate as at September 30, 2020 (see Note 1).

During the nine-month period ended September 30, 2020, the Company did not use fixed assets or other securities as collateral for any borrowings.

14.3. Debentures

The Company issued and offered debentures in Thai Baht to investors which debenture type was name-registered, unsubordinated and unsecured.

Movements of debenture as at September 30, 2020 are as follows :

	Unit : Million Baht			
	Consolidated and separate financial statements			
	January 1, 2020	Classified as current portion	Repayment	September 30, 2020
Debenture due within 1 year	9,085	65,023	(2,500)	71,608
Long-term debenture	65,023	(65,023)	-	-
Total	<u>74,108</u>	<u>-</u>	<u>(2,500)</u>	<u>71,608</u>

On April 30, 2020, the Company repaid of debentures of the period of April 2015, No. 1/2015 series 2 amount of Baht 1,500 million and on May 3, 2020, the Company repaid of debentures of the period of May 2019, No. 1/2019 series 1 amount of Baht 1,000 million.

On May 27, 2020, the Central Bankruptcy Court has issued an order to accept the business rehabilitation petition, causing the Company entered into a business rehabilitation process, which constitutes a default according to the rights terms of the prospectus. Debenture holders by not less than 25 percent of outstanding debenture holders are able to request the Company to immediately pay all debentures that are not yet due, by sending a letter to the Company which will be the reason for a default conditions. During the nine-month period ended September 30, 2020, the Company received such letter from the debenture holder to pay back all debentures. As a result, as at September 30, 2020, the debentures due for more than one year in the amount of Baht 65,023 million were classified as current liabilities in the consolidated and separate financial statements according to the conditions in the prospectus and the Company already recognized default interest (see Note 1).

15. LEASE LIABILITIES

Changing in lease liabilities for the nine-month period ended September 30, 2020 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Balance as at January 1, 2020	-	-
Classified lease liabilities due to TFRS 16 adoption (see Note 2.7.2)	94,318	94,296
Transfer classified financial lease liability recognized due to TAS 17	46,456	46,456
Remeasurement lease liabilities ⁽¹⁾	(2,534)	(2,548)
Payment during the period	(7,755)	(7,744)
Reclassified to lease payables	(4,031)	(4,031)
Adjusted from exchange rate	5,901	5,901
Balance as at September 30, 2020	<u>132,355</u>	<u>132,330</u>

⁽¹⁾ During the nine-month period ended September 30, 2020, the Company remeasured lease liabilities from the modification of variable rental which was depend on reference interest rate.

Lease liabilities as at September 30, 2020 consisted of the following:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Lease liabilities	132,355	132,330
<u>Less</u> Lease liabilities within 1 year	<u>(132,347)</u>	<u>(132,330)</u>
Net from lease liabilities within 1 year	<u>8</u>	<u>-</u>

On May 27, 2020, the Central Bankruptcy Court has issued an order to accept the business rehabilitation petition, caused the Company to enter into a business rehabilitation process, together with the default payment of outstanding lease liabilities and lease liabilities that will be due, which was met the default conditions of long-term lease liabilities which caused the lessors under the lease to have the rights to claim all lease liabilities immediately. As a result, lease liabilities which will be due in more than one year of Baht 132,347 million in the consolidated financial statements and Baht 132,330 million in the separate financial statements have been classified as current liabilities in the consolidated financial statements and separate financial statements, respectively, according to the conditions in the agreement as at September 30, 2020.

16. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payable as at September 30, 2020 and December 31, 2019 are as follows:

	Consolidated		Unit : Million Baht Separate	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Trade payables				
Related parties (see Note 5)	45	2	195	3
Others	20,217	4,189	19,933	4,189
Total trade payables	20,262	4,191	20,128	4,192
Other payables				
Airport fees payable	1,879	4,456	1,879	4,456
Others	10,795	3,463	10,683	3,382
Total other payables	12,674	7,919	12,562	7,838
Accrued expenses	6,308	14,160	6,413	13,158
Total	39,244	26,270	39,103	25,188

17. STAFF PENSION FUND

The Company has established pension fund of Thai Airways International Public Company Limited's staff. The Company contributed to the fund at a rate of 10% of employee salaries. The fund's assets, liabilities and fund balance are presented in the Company's statements of financial position. Interest and expenses arising from fund operations are recognized as income and expenses of the Company. The details are as follows:

	Unit : Million Baht Consolidated and Separate financial statements	
	September 30, 2020	December 31, 2019
Cash at bank (Presented as other non-current financial assets)	1,647	-
Receivable - Government Saving Bank (Presented as other non-current financial assets)	2,275	-
Cash at bank (Presented as other non-current assets (see Note 13))	-	3,859
Others	44	29
Total Assets	3,966	3,888
Other current liabilities	251	214
Staff pension fund	3,715	3,674
Total Liabilities	3,966	3,888

As at September 30, 2020, the staff pension fund has remaining balances of Baht 3,715 million equaled to the Company's obligations to employees.

During the nine-month period ended September 30, 2020, the Company paid the amount of Baht 48 million to retired staff and recognized pension expense in the amount of Baht 89 million. During the three-month period ended September 30, 2020, the Company recognized pension expense in the amount of Baht 25 million.

18. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movements of non-current provisions for employee benefits for the nine-month period ended September 30, 2020 are as follows:

	Consolidated financial statement	Unit : Million Baht Separate financial statement
Non-current for provision employee benefits at the beginning balance	17,197	17,081
<u>Add</u> Current service costs	286	257
<u>Add</u> Current service costs - foreign staff	37	37
<u>Add</u> Interest costs	347	346
<u>Less</u> Benefit paid	(116)	(105)
<u>Less</u> Benefit paid during the year 2020 - foreign staff	(91)	(91)
Non-current for provision employee benefits at the ending balance	17,660	17,525

On October 9, 2020, the Company announced an early retirement program to allow voluntary employees to express their intentions within October 28, 2020 which employees participated in the program approximately 4,900 persons by the Company for approval. The scheme results in an approved employee retiring from December 1, 2020, or having the right to decide to leave the Company on May 1, 2021. Both options, the Company will pay the legal compensation as required by Thai Labor Law and other compensation as required in the same average amount from June 2021 to June 2022. The Company is in the process of collecting data and considering the impact on non-current provisions for employee benefits, which have to be recognized as current liabilities on employee benefits when the certainty amount is known.

19. OTHER NON-CURRENT PROVISIONS

Movements of other non-current provisions during the nine-month period ended September 30, 2020 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Other non-current provisions at the beginning balance	18,156	16,213
Movement during the period - recognized as expenses for the period	837	553
Other non-current provisions at the ending balance	18,993	16,766

Other non-current provisions consist of long-term provision for maintenance and overhaul of aircraft, maintenance reserve for aircraft overhaul, aircraft's engines and others component of aircraft which has to pay maintenance in the future in accordance with the agreement. The Company has obligation under operating lease of aircraft maintenance, aircraft's engines and other components maintenance over the lease period including preparation of aircraft conditions before handover to lessors at the end of the lease. The Company shall estimate expected maintenance expenses upon flight hour, flight cycle, overhaul period, and lease period which were calculated along with usage time proportion.

20. REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue from sales and services for the three-month and nine-month periods ended September 30, 2020 and 2019 were classified revenue by point of and type of goods and services as follows:

	Consolidated financial statements For the three-month periods ended September 30,		Unit : Million Baht Separate financial statements For the three-month periods ended September 30,	
	2020	2019	2020	2019
Revenue Recognize by point in time				
Revenue from passenger and excess baggage	1,174	35,103	467	33,487
Revenue from freight	700	4,118	683	4,118
Revenue from mail	18	129	18	129
Revenue from other activities	928	3,005	1,153	3,271
Revenue Recognize over time				
Revenue from aircraft repair and maintenance services	410	51	469	205
Revenue from charter flight services	41	237	41	237
Total Revenue from contract with customer (see Note 24.1)	<u>3,271</u>	<u>42,643</u>	<u>2,831</u>	<u>41,447</u>

	Consolidated financial statements For the nine-month periods ended September 30,		Unit : Million Baht Separate financial statements For the nine-month periods ended September 30,	
	2020	2019	2020	2019
Revenue Recognize by point in time				
Revenue from passenger and excess baggage	32,292	110,623	30,175	104,578
Revenue from freight	5,650	12,922	5,608	12,924
Revenue from mail	151	388	151	388
Revenue from other activities	4,334	9,583	5,071	10,432
Revenue Recognize over time				
Revenue from aircraft repair and maintenance services	825	303	942	802
Revenue from charter flight services	56	338	56	338
Total Revenue from contract with customer (see Note 24.1)	<u>43,308</u>	<u>134,157</u>	<u>42,003</u>	<u>129,462</u>

21. IMPAIRMENT LOSS ON FIXED ASSETS

Impairment loss on fixed asset for the three-month and nine-month periods ended September 30, 2020 and 2019 consisted of ;

	Consolidated financial statements For the three-month periods ended September 30,		Unit : Million Baht Separate financial statements For the three-month periods ended September 30,	
	2020	2019	2020	2019
Aircraft	439	34	439	34
Engines	-	52	-	52
Aircraft spare parts	5	95	5	95
Total	<u>444</u>	<u>181</u>	<u>444</u>	<u>181</u>

	Consolidated financial statements For the nine-month periods ended September 30,		Unit : Million Baht Separate financial statements For the nine-month periods ended September 30,	
	2020	2019	2020	2019
Aircraft	3,335	343	3,335	343
Engines	6	59	6	59
Aircraft spare parts	157	164	157	164
Total	<u>3,498</u>	<u>566</u>	<u>3,498</u>	<u>566</u>

Impairment loss on fixed assets for the three-month period ended September 30, 2020, mainly consisted of impairment loss from 11 aircrafts, which consist of 1 B737-400 aircraft (such aircraft recorded as non-current assets held for sale) and 1 A340-500 aircraft and 6 A340-600 aircrafts (such aircraft recorded as non-performing aircraft) and 2 B747-400 aircrafts and 1 B777-200 aircraft (such aircraft recorded as property, plant and equipment). Total impairment loss was Baht 478 million. Reversing aircraft impairment losses from 3 aircrafts, which consist of 1 B747-400 aircraft (such aircraft recorded as non-current assets held for sale) and 1 A340-500 aircraft (such aircraft recorded as non-performing aircraft) and 1 B747-400 aircraft (such aircraft recorded as property, plant and equipment) totaling amount by Baht 39 million.

Impairment loss on fixed assets for the nine-month period ended September 30, 2020, mainly consisted of impairment loss of 22 aircraft, which consisted of 1 B737-400 aircraft (such aircraft recorded as non-current assets held for sale) and 1 A340-500 aircraft, 6 A340-600 aircrafts and 2 B737-400 aircrafts (such aircraft recorded as non-performing aircraft), 6 B747-400 aircrafts and 6 B777-200 aircraft (such aircraft recorded as property, plant and equipment) Total impairment loss was Baht 3,362 million. Reversing aircraft impairment losses from 2 aircrafts, which consist of 1 B747-400 aircraft (such aircraft recorded as non-current assets held for sale) and 1 A340-500 aircraft (such aircraft recorded as non-performing aircraft) totaling amount by Baht 27 million.

22. OTHER EXPENSE

Other expenses for the three-month and nine-month periods ended September 30, 2020 and 2019 consisted of ;

	Consolidated financial statements For the three-month periods ended September 30,		Unit : Million Baht Separate financial statements For the three-month periods ended September 30,	
	2020	2019	2020	2019
Impairment loss from investment (see Note 9)	-	-	80	-
Others	1,686	2,562	1,394	2,461
Total	1,686	2,562	1,474	2,461

	Consolidated financial statements For the nine-month periods ended September 30,		Unit : Million Baht Separate financial statements For the nine-month periods ended September 30,	
	2020	2019	2020	2019
Impairment loss from investment (see Note 9)	-	-	2,223	-
Others	4,855	7,997	4,374	7,546
Total	4,855	7,997	6,597	7,546

During the three-month period ended September 30, 2020, the Company recognized loss on impairment of investment in Nok Airline Public Company Limited amounting to Baht 79 million in the statement of profit or loss and other comprehensive income. For the nine-month period ended September 30, 2020, the Company recognized loss on impairment of investment in Nok Airlines Public Company Limited and Thai Smile Airways Company Limited amounting to Baht 424 million and Baht 1,799 million, respectively, in the statement of profit and loss and other comprehensive income (see Note 9).

23. LOSS PER SHARE

Basic loss per share for the three-month and nine-month periods ended September 30, 2020 and 2019 were calculated based on the loss for the periods attributable to shareholders of the Group and the Company and the number of weighted average ordinary shares outstanding during the periods as follows:

	Consolidated financial statements For the three-month periods ended September 30,		Unit : Million Baht Separate financial statements For the three-month periods ended September 30,	
	2020	2019	2020	2019
Basic loss per share				
Loss attributable to shareholders of the Company (Million Baht)	(21,536)	(4,682)	(21,176)	(4,702)
Number of weighted ordinary shares (Million share)	2,183	2,183	2,183	2,183
Basic loss per share (Baht)	(9.87)	(2.14)	(9.70)	(2.15)

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	For the nine-month		financial statements	
	periods ended		For the nine-month	
	September 30,		periods ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Basic loss per share				
Profit attributable to shareholders of the Company (Million Baht)	(49,553)	(11,120)	(55,590)	(11,360)
Number of weighted ordinary shares (Million share)	2,183	2,183	2,183	2,183
Basic loss per share (Baht)	(22.70)	(5.09)	(25.47)	(5.20)

24. OPERATING SEGMENT

Factors used to identify the reportable segments

The Company determines reportable segments based on the nature of the products and services provided, which the management has considered the organization structure in relation to commercial airline operation.

The Company has 3 reportable segments, consisting of

1. Air transportation activities segment composed of passenger, freight, and mail services.
2. The business units segments related directly to transportation activities, which include cargo and mail commercial, ground customer services, ground support equipment services, and catering services.
3. Other activities segment are transportation supporting activities, which include flight management services, sale of duty-free goods, sale of souvenir products from maintenance division and operation of subsidiaries.

Measurement Criteria

The Company records revenue transfer between segments with sale prices charged to the unaffiliated customers net of discount. For ground customer services segment recorded at cost net of discount. For other activities, segment recorded mutual agreements. Those transferred transaction will be eliminated in consolidated financial statements.

Total gain (loss) before income tax by segments was derived from revenue net of costs and operating expenses.

Segment assets are the assets used for the operation or related to such activities.

Segment liabilities are the liabilities used for the operation or related to such activities.

24.1 Financial Information by Segment

The operating segments are classified in the consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 and 2019 consisted of the following:

For the three-month periods end September 30, 2020 and 2019

	Unit : Million Baht							
	Consolidated financial statements						Total	
	Air Transportation		Business Units		Other Activities		2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019
External Revenue (see Note 20)	1,933	39,587	779	2,585	559	471	3,271	42,643
Inter - segment revenue (expenses)	(292)	(3,641)	68	2,449	224	1,192	-	-
Interest income	19	44	-	-	1	3	20	47
Other income	414	2,319	12	31	30	23	456	2,373
Gain (loss) on foreign currency exchange	-	975	-	-	-	(56)	-	919
Total Revenues	2,074	39,284	859	5,065	814	1,633	3,747	45,982
Aircraft fuel expenses	(132)	(12,349)	-	-	(160)	(935)	(292)	(13,284)
Employee benefits expenses	(2,881)	(5,474)	(1,056)	(1,794)	(790)	(1,623)	(4,727)	(8,891)
Flight service expenses	(254)	(4,966)	(1)	(10)	(76)	(341)	(331)	(5,317)
Depreciation and amortization expenses	(6,055)	(4,002)	(120)	(96)	(594)	(227)	(6,769)	(4,325)
Impairment loss on fixed assets	(444)	(181)	-	-	-	-	(444)	(181)
Other expenses	(2,982)	(13,944)	(279)	(1,837)	147	(1,784)	(3,114)	(17,565)
Loss on foreign currency exchange	(5,146)	-	-	-	(160)	-	(5,306)	-
Finance costs	(3,999)	(1,115)	-	-	(110)	-	(4,109)	(1,115)
Share of profit (loss) on investment in associates	2	(97)	-	-	(58)	-	(56)	(97)
Total Expenses	(21,891)	(42,128)	(1,456)	(3,737)	(1,801)	(4,910)	(25,148)	(50,775)
Profit (loss) before income tax expense	(19,817)	(2,844)	(597)	1,328	(987)	(3,277)	(21,401)	(4,793)
Income tax revenue (expense)	(129)	116	-	-	(1)	(3)	(130)	113
Profit (loss) by segments	(19,946)	(2,728)	(597)	1,328	(988)	(3,280)	(21,531)	(4,680)

For the nine-month periods ended September 30, 2020 and 2019

	Unit : Million Baht							
	Consolidated financial statements							
	Air Transportation		Business Units		Other Activities		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
External Revenue (see Note 20)	38,149	124,271	3,774	8,192	1,385	1,694	43,308	134,157
Inter - segment revenue (expenses)	(3,472)	(10,978)	2,059	7,187	1,413	3,791	-	-
Interest income	104	131	-	-	4	5	108	136
Other income	856	3,027	41	65	15	67	912	3,159
Gain (loss) on foreign currency exchange	-	2,914	-	-	-	(106)	-	2,808
Gain on changes in ownership interest	206	273	-	-	-	-	206	273
Total Revenues	35,843	119,638	5,874	15,444	2,817	5,451	44,534	140,533
Aircraft fuel expenses	(10,846)	(38,292)	-	-	(949)	(2,900)	(11,795)	(41,192)
Employee benefits expenses	(9,312)	(13,504)	(3,703)	(5,483)	(2,867)	(4,748)	(15,882)	(23,735)
Flight service expenses	(4,475)	(14,585)	(7)	(32)	(431)	(1,163)	(4,913)	(15,780)
Depreciation and amortization expenses	(18,519)	(12,046)	(524)	(293)	(1,779)	(681)	(20,822)	(13,020)
Impairment loss on fixed assets	(3,498)	(566)	-	-	-	-	(3,498)	(566)
Other expenses	(25,308)	(42,648)	(2,000)	(5,577)	6,036	(5,506)	(21,272)	(53,731)
Loss on foreign currency exchange	(6,178)	-	-	-	(247)	-	(6,425)	-
Finance costs	(8,314)	(3,310)	-	-	(225)	-	(8,539)	(3,310)
Share of loss on investment in associates	(475)	(156)	-	-	-	-	(475)	(156)
Total Expenses	(86,925)	(125,107)	(6,234)	(11,385)	(462)	(14,998)	(93,621)	(151,490)
Profit (loss) before income tax expense								
tax expense	(51,082)	(5,469)	(360)	4,059	2,355	(9,547)	(49,087)	(10,957)
Income tax expense	(474)	(133)	-	-	-	(12)	(474)	(145)
Profit (loss) by segments	(51,556)	(5,602)	(360)	4,059	2,355	(9,559)	(49,561)	(11,102)

As at September 30, 2020 and December 31, 2019, assets and liabilities of the Group are classified by segment consisted of the following:

Unit : Million Baht

	Consolidated financial statements							
	Air Transportation		Business Units		Other Activities		Total	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Current assets	19,602	38,274	570	668	2,706	2,893	22,878	41,835
Investments in associates and other long-term investment	1,654	2,101	-	-	-	-	1,654	2,101
Property, plant and equipment	52,909	163,314	12,258	5,340	2,353	2,462	67,520	171,116
Right-of-use-assets	153,729	-	5,022	-	11,615	-	170,366	-
Other non-current assets	33,300	33,963	-	-	2,186	1,952	35,486	35,915
Non-allocated assets							1,048	3,841
Total assets							298,952	254,808
Current liabilities	282,167	72,139	265	432	10,830	8,053	293,262	80,624
Non-current liabilities	27,324	157,777	-	-	13,219	3,506	40,543	161,283
Non-allocated liabilities							5,092	1,135
Total Liabilities							338,897	243,042

24.2 Revenues by Geographical Segment

Operating segments classified by geographical in the consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

Unit: Million Baht

	Consolidated financial statements			
	For the three-month periods ended September 30		For the nine-month periods ended September 30	
	2020	2019	2020	2019
Domestic Revenues				
Transportation	725	2,393	3,026	8,272
Business Unit	779	2,585	3,774	8,192
Others	559	471	1,385	1,694
Foreign Revenues				
Asia	615	21,248	17,830	67,793
Europe	406	12,219	13,094	37,551
Australia & New Zealand	121	3,485	4,044	10,299
Charter flights and others	66	242	155	356
Other income				
Interest income	20	47	108	136
Gain on foreign exchange rates	-	919	-	2,808
Other income	456	2,373	912	3,159
Gain on changes in ownership interest	-	-	206	273
Total Revenues	3,747	45,982	44,534	140,533

25. DISCLOSURE OF FINANCIAL INSTRUMENTS

25.1 Interest rate risk

The Company has a policy to manage the risk of interest rates' fluctuations by using financial instruments in the derivatives market which are Cross Currency Swap (CSS) or Interest Rate Swap (IRS) to convert floating interest rates that tend to increase to fixed interest rates.

Such swap contracts was exchanged the principal and interest on a monthly, quarterly and semi-annually basis, depending on contracts, starting from contracts' commencement date until expiration of contracts.

As at September 30, 2020, the Company did not have IRS within the period and the Company did not have additional contracts.

25.2 Foreign Currency Exchange Rate Risk

As the Company generates revenue in THB and foreign currency by more than 50 currencies, which are mainly in USD, THB, EUR and JPY and the major expenses are in currencies USD and THB while having long-term liabilities mainly in 4 major currencies as USD, EUR, THB and JPY. The Company has managed the risk of exchange rates fluctuations which is uncontrolled factors by using "Matching Currency" strategy to manage this risk by matching currency between the expense and revenue and arranging for loan and restructure loan to coincide with net operating cash flow at the same time, together with the reduction of foreign currency debt risk by entering into Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company managed source of fund and has a policy to enter into CCS when the financial market is favorable to the Company and Forward Contracts to hedge the future obligation that has underlying exposures.

During the three-month period ended September 30, 2020, the Company recognized gain on changing in fair value of CCS transactions and forward contract in the amount of Baht 339 million and during the nine-month period ended September 30, 2020, the Company recognized loss on changing in fair value of CCS transactions and forward contracts in the amount of Baht 19 million as expenses in the consolidated and separate statements of profit or loss and other comprehensive income.

As at September 30, 2020, the Company did not have CCS transaction because the counterparties have canceled all contracts. Since the Company has entered the business rehabilitation process which caused the counterparties was able to terminate the contracts. Accordingly, the Company recognized loss from CCS contracts termination amounting to Baht 253 million in the consolidated and separate statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020.

25.3 Fuel price risk

Fuel price fluctuation depends on demand and supply of global economic situation and uncertainty political worldwide, which has direct impact on the Company's operating result as fuel is important factor in the aviation industry. The Company has made jet fuel price hedging in order to reduce the risk of fuel price volatility, to meet the Company's operating result target and protect the value of the Company for shareholders and all stakeholders and made not intend to make income and profit from the fuel price hedging.

The Company have continuously and systematically managed the jet fuel price risk, by set the fuel price risk policy, implementing jet fuel price hedging at not lower than 20% and not more than 80% of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 24 months. The Company specified the lowest and highest prices of jet fuel. The Company will obligate in USD if the price of jet fuel falls below the lowest price. On the contrary, the Company will be compensated in USD if the price of jet fuel rises higher than the highest price.

During the period ended September 30, 2020, the pandemic of COVID-19 significantly affects to the aviation industry, which continuously affects to the significant decrease in demand of crude oil and jet fuel in second quarter of 2020. In addition, the Company is in the process of the rehabilitation plan under the Central Bankruptcy Court. Therefore, the derivative hedging against fuel price has entered into default condition according to the standard contract under ISDA (International Swaps and Derivative Association). As at September 30, 2020, the Company did not have fuel derivative transactions because of above reason. As a result, the Company recognized loss from ineffective hedging for the three-month and nine-month periods ended September 30, 2020 in the amount of Baht 55 million and Baht 4,955 million, respectively.

25.4 Financial instruments

The following table presents the fair values of financial assets and financial liabilities, including the fair values hierarchy for financial assets and financial liabilities recognized at fair value as at September 30, 2020.

	Level of Fair value	Consolidated financial statements	Unit : Million Baht Separate financial statements
Financial assets measured at fair value through profit or loss			
<i>Other non-current financial assets</i>			
Investment in debt securities	Level 2	52	52
Investment in funds	Level 2	1	1
Financial assets measured at fair value through other comprehensive income			
<i>Other non-current financial assets</i>			
Investment in equity securities	Level 3	21	15

The following table presents the disclosure of fair values of financial assets and financial liabilities, which was not recognized in the consolidated and separate financial statements and their hierarchy as at December 31, 2019 as follows:

	Level of Fair value	Consolidated financial statements	Unit : Million Baht Separate financial statements
<i>Current derivative assets</i>			
Forward foreign exchange contracts	Level 2	1	1
Cross currency swap agreements	Level 2	11	11
Fuel price option agreements - cash flow hedges	Level 2	710	710
Cross currency swap agreements - cash flow hedges	Level 2	457	457
<i>Non-current derivative assets</i>			
Cross currency swap agreements - cash flow hedges	Level 2	2,011	2,011
<i>Current derivative liabilities</i>			
Forward foreign exchange contracts	Level 2	1	1
Cross currency swap agreements	Level 2	13	13
Cross currency swap agreements - cash flow hedges	Level 2	222	222
<i>Non-current derivative liabilities</i>			
Cross currency swap agreements - cash flow hedges	Level 2	1,401	1,401

Financial instruments measured at fair value

The following table disclose valuation technique using in fair value level 2 and 3 measurement.

Types	Valuation techniques
Derivatives	The fair value of derivatives is calculated by using the discounted cash flows valuation model which consider the present value of expected cash flow, discounted using a related risk-adjusted discount rate. The data using in valuation are mostly observable market data, e.g. spot exchange rate, forward exchange rate, interest rate, bond yield, forward fuel prices, and contractual fuel prices.
Equity securities	The fair value of investments in equity instrument measured at fair value through other comprehensive income is calculated by using the net asset value as of the reporting date.
Debt securities	The fair value of investments in debt instruments measured at fair value through profit or loss. Calculated using valuation techniques by obtaining the observable market data and converting discounted cash flows to present values.
Investments in marketable unit	The fair value of investments in marketable investment units that are measured at fair value through profit or loss is calculated by using the net asset value as of the reporting date.

During the three-month and nine-month periods ended September 30 2020, the Company did not transfer financial instruments between the fair value hierarchy.

26. COMMITMENTS

The Company has contingent liabilities arising from commitments which have not been recognized in the financial statements as at September 30, 2020 and December 31, 2019 as follows:

26.1 Bank Guarantee

The Company has bank guarantees issued by domestic and foreign banks as at September 30, 2020 and December 31, 2019 in the consolidated and separate financial statements as follows:

	Unit : Million (Currency)	
	Consolidated and Separate	
	financial statements	
	September 30,	December 31,
	2020	2019
Bank Guarantee		
Issued by domestic banks		
THB Currency	98	98
Issued by foreign banks		
BDT Currency	10	10
AUD Currency	7	7
INR Currency	395	408
SAR Currency	6	6
AED Currency	3	3

If the Company defaults on an obligation to a beneficiary in letter of guarantee, the bank agrees to pay a specific amount to that beneficiary and will claim from the Company later.

26.2 Capital expenditure

As at September 30, 2020, the Company entered into 3 aircraft lease agreements for a period of 10 years which has not yet reached deliver schedule. The Company paid deposit of USD 7 million, and is obligated to pay under operating lease agreements after receiving the aircraft in the amount of USD 325 million.

27. DISPUTES AND SIGNIFICANT LITIGATION

27.1 Labor disputes and damages claims

The Company has been filed as defendant in domestic and foreign labor disputes for 7 cases with claim amount of Baht 20 million and the complaints in domestic and foreign cases with claim amount of Baht 345 million. As at September 30, 2020, the Company's management considered such disputes and claims based on the facts and the laws that the impacts of such matter will not significantly effect to the financial statements.

27.2 Tax dispute

- 27.2.1 The Company, as an entrepreneur in the duty free zone, has received a letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, requested the Company to clarify the completeness of the certificate license of the import food for restricted products. The customs official has assessed additional taxes and duties according to 252 import entry declarations, which consisted of price of products in amount of Baht 492.73 million, import duty in amount of Baht 244.36 million, excise tax in amount of Baht 754.47 million, interior tax in amount of Baht 75.45 million, value added tax in amount of Baht 109.69 million, the subsidies for Thai Health Promotion Foundation in amount of Baht 14.91 million, and the subsidies for Thai Public Broadcasting Service in amount of Baht 11.18 million. The Company has submitted the letter of clarification to the Customs Department for consideration. In this regard, the Company has consultation letter on legal matters in relation to the importation of a group of products under the import control of food, fruit juice and other imports into the free zone of Thai Airways Catering, in the case of compliance with Section 152 of the Customs Act, B.E. 2560 to the Director-General of the Customs Department for consideration. As at September 30, 2020, such dispute is under consideration by the Customs Department. The Company's management considered such disputes based on the facts and the laws that the impacts of such matter will not significantly effect to the financial statements.
- 27.2.2 The Panohm Penh branch in Kingdom of Cambodia had been assessed additional taxes from the Cambodia Revenue Department, related to the difference in interpretations of tax law.

During the year 2019, the Company received the tax assessment notification for the year 2017, consisted of 3 types of tax, which were corporate income tax, special business tax and withholding tax. The total additional assessed tax, including fine and interest were Riel 10,771 million. And for the period January - September 2017, consisted of 2 types of tax, which are prepayment corporate income tax and special business tax. The total additional assessed tax, including fine and interest were Riel 7,176 million.

During the nine-month period ended September 30, 2020, the Company received the tax assessment notification for the year 2018, consisted of 3 types of tax, which were tax on corporate income tax, special business tax and withholding tax. The total additional assessed tax, including fine and interest were Riel 5,018 million.

The Company had filed such disputes with the above assessment through a tax advisor. The Company had issued a letter requesting to extend the tax audit for the years 2017 and 2018 due to the impact of the situation of COVID-19 and the Company is in the process of rehabilitation plan. It is currently under consideration by the Cambodia Revenue Department. The tax payment as assessed depended on the negotiation with the Cambodia Revenue Department based on the fact, laws and supporting documents. As at September 30, 2020, the Company's management considers the mentioned disputes based on the facts and the laws that the impacts of such matter are not significantly effect to the financial statements.

27.3 Tort case under unfair trade protection laws (Antitrust cases)

27.3.1 The Cargo Civil Case filed against the Company in the Republic of Korea:

On January 22, 2014, the Company had been informed by the branch office in the Republic of Korea that LG Group Companies, which consisted of LG Chemical, LG Electronics, LG Display and LG Life Science, had filed a civil lawsuit against 12 airlines, including the Company, on November 27, 2013 in order to claim damages arisen from the conduct of conspiracy to set fuel surcharge between each airline during the year 1999-2007. LG Group Companies had asserted the amount of claim at KRW 404,000,000 with interest in approximately to Baht 12 million and reserved their rights to amend the plaint to increase the amount of claim if they could prove their claims to the court later on. As at September 30, 2020, the Company's management considered such disputes and claims based on the facts and the laws that the impacts of such matter will not significantly effect to the financial statements.

27.3.2 The Company has been implead by British Airways, Lufthansa and KLM-AF, which are the defendants in the Cargo Civil Class Action case in the Netherlands, which they have submitted the requested to exercise the right of recourse to the Company.

On July 2015, the Company had received a writ of summons for contribution claim from British Airways, Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively called "Lufthansa"), and Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Societe Air France S.A. (collectively called "KLM-AF"). These airlines had submitted such writ of summons against the Company and more than 20 other airlines in the case where a group of plaintiffs had filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines and Singapore Airlines Cargo (collectively called "Singapore Airlines") as defendants since December 24, 2013 by alleging that these airlines conspiracy set the price for various surcharges (Main case).

Nonetheless, the Company had not been sued as a defendant in the main case. Subsequently, British Airways, Lufthansa and Swiss International, KLM-AF, Korean Airlines and Qantas Airways, who were parties to the Contribution Claim Case, had submitted a writ of summons to exercise the contribution claim in addition to the Contribution Claim Case above (known as sub contribution claim), and the Company then submitted a writ of summons to exercise the contribution claim in the form of this sub contribution claim against all airlines as well in order to reserve the Company's right. However, the initiation of such case in the form of contribution claim and sub contribution claim was merely for the purpose of reserving the right in the event that the court orders that each airline to pay for the damages exceeding its market share. This was not a lawsuit to demand for additional damages.

Later on December 2016 to January 2017, the Company had received a writ of summons for contribution claim from British Airways, Lufthansa and KLM-AF. These airlines had submitted such writ of summons to the Company and more than 20 other airlines in the case where a new group of plaintiffs had filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines as defendants on November 6, 2015. The allegation had similar type as that in the first Main Proceedings in which the Company had not been sued as a major defendant. As at September 30, 2020, all the cases are under the court's consideration. The Company's management considered such disputes and claims based on the facts and the laws that the impacts of such matter will not significantly effect to the financial statements.

27.4 Rental agreement and license to operate business agreement at Don Mueang International Airport

The Company had rental agreement and license to operate business agreement with Airports of Thailand Public Company Limited ("AOT"), with agreement no. 3-08/2552 dated December 14, 2010, the duration of the contract was 3 years period from September 28, 2009 to September 27, 2012. After September 27, 2012, the Company was out of the permission for renting and operating business at Don Mueang International Airport. The Company has continued to pay rental fee and concession fee based on the original agreement. However, AOT will reserve the rights to increase the minimum rental fee and concession fee, if the result of increment of the minimum rental fee and concession fee is final and the rate is higher than the rate specified in the original agreement or the notification letter of AOT that announced the extension of the agreement.

As at September 30, 2020, the Company was in negotiation process with AOT regarding the rules, conditions and rental fee rates and concession fee from obtaining permission to operate business that will be identified in the new agreement. The Company's management considered such disputes base on the facts and the laws that the impact of such matters will not significantly effect to the financial statements.

28. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements for the year ended December 31, 2019, to conform to the classification used in current period's financial statements. Such reclassifications have no effect to previously reported net profit, and shareholders' equity. The reclassifications are as follows:

Items	Previously presentation	Current period presentation	Unit : Million Baht	
			Consolidated financial statements	Separate financial statements
Statements of financial position				
Prepaid expenses and deposits	Prepaid expenses and deposits	Trade and other current receivables	1,958	2,176
Accrued income	Other current assets	Trade and other current receivables	2,008	2,030
Trade receivables - related parties	Other current assets	Trade and other current receivables	56	1,689
Other receivables - related parties	Other current assets	Trade and other current receivables	-	3,762
Other receivables - others	Other current assets	Trade and other current receivables	3,355	3,774
Receivable - Revenue Department	Other current assets	Trade and other current receivables	905	905
Withholding tax	Other current assets	Current tax assets	558	558
Deposit of pension fund	Other current assets	Other non-current assets	3,859	3,859
Aircraft equipment and decoration fees according to aircraft's operating lease	Other non-current assets	Property, plant and equipment	3,998	3,998
Accrued expenses	Accrued expenses	Trade and other current payables	14,160	13,159
Maintenance Liabilities	Accrued expenses	Other non-current provisions	2,190	2,190
Retirement obligation of local staff expenses overseas	Other current liabilities - others	Non-current provisions for employee benefits	418	418
Airport fee payable	Other current liabilities - others	Trade and other current payables	4,456	4,456
Deferred revenue	Other current liabilities - others	Trade and other current payables	5	4
Suspense Output Tax	Other current liabilities - others	Trade and other current payables	307	302
Employee payables - overseas	Other current liabilities - others	Trade and other current payables	115	115
Deposit received	Other current liabilities - others	Trade and other current payables	803	793
Accounts payable - employee	Other current liabilities - others	Trade and other current payables	1	1
Advance received revenue	Other current liabilities - others	Trade and other current payables	94	94
Fixed assets payable - awaiting collection	Other current liabilities - others	Trade and other current payables	85	85
Other payables	Other current liabilities - others	Trade and other current payables	1,734	1,991
Debit notes from creditor	Other current liabilities - others	Trade and other current receivables	-	(195)
Unearned transportation revenue	Other current liabilities	Unearned transportation revenue	29,689	28,994
Accrued dividends	Other current liabilities	Accrued dividends	57	54
Deferred tax liabilities	Deferred tax liabilities	Deferred tax assets	1,857	1,857
Statements of profit or loss and other comprehensive income				
For the three-month period ended September 30, 2019				
Write off of Aircraft equipment and decoration	Lease of aircraft and spare parts	Depreciation and amortization	136	136
Impairment loss of aircraft	Loss from aircraft impairment	Impairment loss of fixed assets	87	87
Insurance expenses	Insurance expenses	Other expenses	157	135
For the nine-month period ended September 30, 2019				
Write off of Aircraft equipment and decoration	Lease of aircraft and spare parts	Depreciation and amortization	404	404
Impairment loss of aircraft	Loss from aircraft impairment	Impairment loss of fixed assets	401	401
Insurance expenses	Insurance expenses	Other expenses	468	401

The consolidated and separate cash flow statements for the nine-month period ended September 30, 2019 have been reclassified in accordance with the above reclassifications.

29. EVENT AFTER THE REPORTING PERIOD

On October 27, 2020, the Central Bankruptcy Court examined the brief of rehabilitation petition of Nok Airlines Public Company Limited, an associate of the Company, and ordered that no further hearing was required under the Bankruptcy Act B.E. 2483, section 90/10 because no one raised any objection against the petition. On November 4, 2020, the Central Bankruptcy Court granted the business rehabilitation petition and appointed the Planners of Nok Airlines Public Company Limited. The Planners will prepare the rehabilitation plan for submission to the Official Receiver within the first quarter of year 2021.

30. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial information were approved by the Planners of the Company on November 11, 2020.