

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

TO THE PLAN ADMINISTRATORS

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 Limited (the “Company”) as at June 30, 2021, the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the six-month period then ended, 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 June 30, 2021, the Group had significant current liabilities in excess of current assets by Baht 53,735 million and had capital deficiency of Baht 116,484 million in the consolidated financial statements and the Company had current liabilities in excess of current assets by Baht 49,767 million and had capital deficiency of Baht 112,840 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. Subsequently, on June 15, 2021, the Central Bankruptcy Court issued an order approving the rehabilitation plan (see No. 3 of Basic for Disclaimer of Conclusion). During this period, the Company is in the process of implementing the rehabilitation plan.

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

As disclosed in Note 1 to the interim financial statements, the Coronavirus disease 2019 ("COVID-19") pandemic has affected 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 temporarily 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 and during the year 2021, the Company resumed some international flight services, including chartered flights but not yet operated as normal. Since July 21, 2021, Thai Smile Airways Company Limited have temporarily suspended all domestic flight operations due to new wave of COVID-19 pandemic. However, the Company and its subsidiary are assessing the situation to resume the flight operation as normal when the situation improves.

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 Bankruptcy Court granted the Company's business rehabilitation petition and appointed the Planners as nominated by the Company, resulting to the Company entered into the rehabilitation process. On March 2, 2021, the Planners submitted the rehabilitation plan to the Official Receiver. On May 19, 2021, the creditors' meeting passed a resolution in accordance with Section 90/46 of the Bankruptcy Act B.E. 2483. Subsequently, on June 15, 2021, the Central Bankruptcy Court issued an order approving the rehabilitation plan and plan amendment petitions as per the resolution of the creditors' meeting on May 19, 2021, including the approval of the nominated Plan Administrators. The essential parts of the business rehabilitation plan are capital restructuring, debt repayment of each class of the creditors, and the completion of the business rehabilitation plan. The Company is currently in the process of implementing the rehabilitation plan. However, completion of the rehabilitation plan depends on the ability to implement the plan, and must meet all conditions as specified in the rehabilitation plan.

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 Group and the Company which may affect valuation of significant assets and liabilities in the consolidated and separate interim financial information for the six-month period ended June 30, 2021.

In addition, 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, 2020 (before reclassification as disclosed in Note 27 to the interim financial statements), presented herein as comparative information, were audited by us, we expressed a disclaimer of opinion on the Company's consolidated and the Company's separate financial statements for the year ended December 31, 2020 in our report dated February 24, 2021 and the consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the six-month period ended June 30, 2020 (before reclassification as disclosed in Note 27 to the interim financial statements), presented herein as comparative information, were reviewed by us, we concluded a disclaimer of conclusion on the Company's consolidated and the Company's separate financial statements for the six-month period ended June 30, 2020 in our report dated August 13, 2020, because the material uncertainty situations to the ability to continue as going concern consisting of lack of liquidity and default of debt payment, effect of Coronavirus Disease 2019 Pandemic and entering into the rehabilitation process had impact to the Group's and the Company's operations.

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 June 30, 2021 and for the six-month period then ended.

Emphasis of Matter

We draw attention to Notes 4.3, 11, 14, 18 and 22, to the interim financial statements, on June 15, 2021 the Central Bankruptcy Court issued an order to approve the business rehabilitation plan which has affected the adjustments of the consolidated and separate interim financial information for the six-month period ended June 30, 2021 regarding the relevant assets and liabilities of the Company as stated in the rehabilitation plan. The Company's liabilities will be adjusted upon receiving an order from the Official Receiver. However, such matter did not affect our disclaimer of conclusion.

BANGKOK
August 13, 2021

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 JUNE 30, 2021

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at June 30, 2021	As at December 31, 2020	As at June 30, 2021	As at December 31, 2020
		“Unaudited”		“Unaudited”	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6.1	6,730,142,779	8,673,722,750	6,338,172,635	7,960,503,517
Trade and other current receivables	7	8,124,084,010	6,075,476,423	12,101,830,006	9,451,970,868
Inventories and supplies		4,140,624,327	4,241,134,448	4,120,489,731	4,213,271,229
Current tax assets		90,625,212	201,895,995	90,602,595	201,882,897
Other current assets		467,098,092	265,919,016	467,053,686	530,955,175
Non-current assets classified as held for sale	8	1,422,362,189	792,846,134	1,422,362,189	163,734,283
Total Current Assets		20,974,936,609	20,250,994,766	24,540,510,842	22,522,317,969
NON-CURRENT ASSETS					
Other non-current financial assets		2,935,471,009	4,236,732,139	2,930,184,987	4,231,208,497
Investments in associates	9.1	824,592,480	909,946,301	419,334,000	419,334,000
Investments in subsidiaries	9.2	-	-	10,209,920	10,209,920
Non-current receivable under lease agreements	5.2	-	-	4,426,046,648	4,631,398,222
Property, plant and equipment	10	38,763,760,239	42,127,357,923	38,731,191,867	42,093,144,508
Right-of-use assets	11	79,569,176,027	116,822,249,908	74,379,674,032	110,920,641,441
Intangible assets		244,449,993	274,432,026	200,206,383	222,298,705
Deferred tax assets		5,363,376,723	6,069,727,161	5,349,836,893	6,056,018,128
Maintenance reserves	12	14,916,742,477	14,120,597,124	14,916,742,477	14,120,597,124
Other non-current assets	13	4,989,748,702	4,484,776,937	4,827,696,609	4,261,399,368
Total Non-current Assets		147,607,317,650	189,045,819,519	146,191,123,816	186,966,249,913
TOTAL ASSETS		168,582,254,259	209,296,814,285	170,731,634,658	209,488,567,882

See condensed notes to the financial statements

.....
(Mr.Suvadhana Sibunruang)
Acting Chief Executive Officer
Attorney-in-Fact of the Plan Administrators

.....
(Mr.Chai Eamsiri)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2021

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at June 30, 2021 “Unaudited”	As at December 31, 2020	As at June 30, 2021 “Unaudited”	As at December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from financial institutions	6.3, 14.1	-	3,729,636,949	-	3,729,636,949
Trade and other current payables	16	57,856,229,040	51,843,422,620	57,614,844,924	51,396,375,948
Deferred revenue		15,819,688,411	16,157,609,346	15,687,174,181	15,917,523,991
Current portion of long-term liabilities					
Long-term borrowings from financial institutions	6.3, 14.2	-	8,511,346,154	-	8,511,346,154
Long-term borrowings from related parties	5.2, 6.3	-	14,895,615,294	-	14,895,615,294
Leases liabilities	6.3, 15	541,128,749	123,796,110,048	531,166,119	123,787,169,909
Debentures	6.3, 14.3	-	71,608,000,000	-	71,608,000,000
Short-term borrowings from related parties	5.2, 6.3	-	11,260,725,630	-	11,260,725,630
Income tax payable		-	12,813	-	-
Accrued dividends		54,228,762	54,420,926	54,228,762	54,237,326
Other current liabilities		439,048,322	239,293,514	420,149,177	239,257,261
Total Current Liabilities		74,710,323,284	302,096,193,294	74,307,563,163	301,399,888,462
NON-CURRENT LIABILITIES					
Long-term liabilities					
Long-term borrowings from financial institutions	6.3, 14.2	12,242,551,911	-	12,242,551,911	-
Long-term borrowings from related parties	5.2, 6.3	25,820,647,635	-	25,820,647,635	-
Leases liabilities	6.3, 15	74,132,007,874	5,235,159	74,126,466,843	-
Debentures	6.3, 14.3	71,608,000,000	-	71,608,000,000	-
Staff pension fund	17	1,194,017,222	1,963,280,618	1,194,017,222	1,963,280,618
Non-current provisions for employee benefit	18	4,920,897,147	15,316,156,975	4,837,688,688	15,241,643,847
Other non-current provisions	19	20,414,662,740	18,454,442,656	17,369,530,235	16,028,286,283
Other non-current liabilities		23,146,795	126,368,564	2,065,189,870	2,091,204,230
Total Non-current Liabilities		210,355,931,324	35,865,483,972	209,264,092,404	35,324,414,978
TOTAL LIABILITIES		285,066,254,608	337,961,677,266	283,571,655,567	336,724,303,440

.....
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Attorney-in-Fact of the Plan Administrators

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2021

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		
		As at June 30, 2021	As at December 31, 2020	As at June 30, 2021	As at December 31, 2020	
		“Unaudited”		“Unaudited”		
LIABILITIES AND SHAREHOLDERS' EQUITY						
(CONTINUED)						
SHAREHOLDERS' EQUITY						
SHARE CAPITAL						
Authorized share capital						
		2,698.90 million ordinary shares par value of Baht 10 each	26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital						
		2,182.77 million ordinary shares par value of Baht 10 each	21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
		Premium on ordinary shares	1,862,979,154	1,862,979,154	1,862,979,154	1,862,979,154
DEFICIT						
		Unappropriated (deficit)	(149,719,451,439)	(161,898,334,024)	(146,000,058,076)	(160,389,548,126)
		Other components of shareholders' equity	9,471,129,934	9,465,142,956	9,469,338,843	9,463,114,244
		Total shareholders' equity attributable to owners of the Company (capital deficiency)	(116,557,623,181)	(128,742,492,744)	(112,840,020,909)	(127,235,735,558)
		Non-controlling interests	73,622,832	77,629,763	-	-
		TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	(116,484,000,349)	(128,664,862,981)	(112,840,020,909)	(127,235,735,558)
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	168,582,254,259	209,296,814,285	170,731,634,658	209,488,567,882

See condensed notes to the financial statements

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
“UNAUDITED”

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2021	2020	2021	2020
Revenues	24.1, 24.2				
Revenues from sales or rendering services	20				
Passenger and excess baggage		1,888,349,812	31,132,720,544	794,374,252	29,722,940,266
Freight and mail		3,841,409,427	5,083,356,761	3,844,214,748	5,058,486,405
Other businesses		2,575,381,074	3,991,945,000	3,056,163,141	4,560,952,272
Total revenues from sales or rendering services		8,305,140,313	40,208,022,305	7,694,752,141	39,342,378,943
Other income					
Interest income		12,328,161	87,801,974	11,758,996	85,303,581
Gain on changes in ownership interest		-	205,606,044	-	-
Gain on sales of investments	21.1	2,098,665,467	-	2,727,777,317	-
Gain on debt restructuring	4.3	8,674,737,525	-	8,674,737,525	-
Other income	21.2	1,914,829,644	285,063,971	1,858,525,120	475,596,094
Total other income		12,700,560,797	578,471,989	13,272,798,958	560,899,675
Total Revenues		21,005,701,110	40,786,494,294	20,967,551,099	39,903,278,618
Expenses					
Aircraft fuel expenses		1,718,394,479	11,502,377,488	1,406,290,645	10,713,714,610
Employee benefits expenses		2,657,712,689	11,154,775,588	2,401,502,654	10,819,565,452
Flight service expenses		851,623,419	4,582,502,935	745,938,154	4,227,565,292
Crew expenses		204,659,996	1,368,868,409	132,429,493	1,196,914,078
Aircraft repair and maintenance costs		2,559,766,704	4,585,305,313	1,490,524,742	3,579,287,042
Depreciation and amortization expenses		8,097,904,328	14,224,603,653	7,472,031,824	13,507,440,181
Lease of aircraft and spare parts		456,395,019	44,016,643	358,606,017	1,919,844,534
Inventories and supplies expenses		224,731,982	1,884,147,338	183,129,281	1,775,759,254
Selling and advertising expenses		347,812,803	1,695,318,215	197,551,696	1,452,139,365
Impairment loss on aircraft and rotatable aircraft's spare part (reversal)	22	(18,458,555,864)	3,054,090,037	(18,458,555,864)	3,054,090,037
Net loss from foreign exchange rates		6,310,653,772	1,118,635,088	5,953,623,207	1,031,562,345
Other expenses	23	1,710,487,829	3,169,368,777	1,526,016,214	5,123,519,424
Total Expenses		6,681,587,156	58,384,009,484	3,409,088,063	58,401,401,614
Profit (loss) from operating activities		14,324,113,954	(17,597,515,190)	17,558,463,036	(18,498,122,996)
Finance costs		2,858,737,323	4,258,985,630	2,741,279,079	4,143,363,111
Impairment loss in accordance with TFRS 9 (reversal)		(162,920,400)	150,930,760	1,038,865,146	6,169,105,034
Share of loss from investments in associates		64,377,849	419,319,726	-	-
Hedging losses for hedge of group of items with offsetting risk positions		-	5,258,315,243	-	5,258,315,243
Profit (loss) before income tax		11,563,919,182	(27,685,066,549)	13,778,318,811	(34,068,906,384)
Income tax expense		(442,879,943)	(344,458,104)	(442,710,740)	(344,995,441)
Profit (loss) for the periods		11,121,039,239	(28,029,524,653)	13,335,608,071	(34,413,901,825)

(Mr.Suvadhana Sibunruang)

Acting Chief Executive Officer

Attorney-in-Fact of the Plan Administrators

(Mr.Chai Eamsiri)

Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
“UNAUDITED”

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2021	2020	2021	2020
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income					
that will be reclassified to profit or loss					
Loss on cash flow hedges		-	(3,619,275,665)	-	(3,619,275,665)
Income tax relating to gain on cash flow hedges		-	163,825,626	-	163,825,626
Total components of other comprehensive income that will be reclassified to profit or loss		-	(3,455,450,039)	-	(3,455,450,039)
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain on remeasuring equity securities at fair value through other comprehensive income		5,986,979	2,710,039	6,224,599	84,847
Actuarial gain on employee benefit obligations		1,317,352,474	-	1,317,352,474	-
Income tax related to actuarial gains on employee benefit obligation		(263,470,495)	-	(263,470,495)	-
Total components of other comprehensive income that will not be reclassified to profit or loss		1,059,868,958	2,710,039	1,060,106,578	84,847
Other comprehensive income (loss) for the periods - net of tax		1,059,868,958	(3,452,740,000)	1,060,106,578	(3,455,365,192)
Total comprehensive income (loss) for the periods		12,180,908,197	(31,482,264,653)	14,395,714,649	(37,869,267,017)
Profit (loss) attributable to :					
Owners of parent		11,125,000,605	(28,016,459,906)	13,335,608,071	(34,413,901,825)
Non-controlling interests		(3,961,366)	(13,064,747)	-	-
		11,121,039,239	(28,029,524,653)	13,335,608,071	(34,413,901,825)
Total comprehensive income (loss) attributable to:					
Owners of parent		12,184,869,563	(31,469,199,906)	14,395,714,649	(37,869,267,017)
Non-controlling interests		(3,961,366)	(13,064,747)	-	-
		12,180,908,197	(31,482,264,653)	14,395,714,649	(37,869,267,017)
Profit (loss) per share					
Number of ordinary shares (share)		2,182,771,917	2,182,771,917	2,182,771,917	2,182,771,917
Basic earnings (loss) per share (Baht per share)		5.10	(12.84)	6.11	(15.77)

See condensed notes to the financial statements

(Mr.Suvadhana Sibunruang)

Acting Chief Executive Officer

Attorney-in-Fact of the Plan Administrators

(Mr.Chai Eamsiri)

Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
"UNAUDITED"

UNIT : BAHT

	Consolidated financial statements									
	Issued and paid-up share capital	Premium on Shares	Deficit Unappropriated	Owner of the shareholders' equity			Total other components of shareholders' equity	Total Shareholders' equity attributable to owners of the parent company	Non-controlling interests	Total shareholders' equity
				Other components of shareholders' equity						
				Gain (loss) on cash flow hedges - net of tax	Surplus on revaluation assets - net of tax	Gain on remeasuring equity securities at fair value through other comprehensive income				
Balance as at January 1, 2020	21,827,719,170	1,862,979,154	(20,755,240,956)	3,603,533,787	6,696,714,412	5,685,974	10,305,934,173	13,241,391,541	106,383,044	13,347,774,585
Changes in Shareholders' Equity										
Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	(20,616,280)	(20,616,280)
Total comprehensive income (loss) for the period	-	-	(28,016,459,906)	(3,455,450,039)	-	2,710,039	(3,452,740,000)	(31,469,199,906)	(13,064,747)	(31,482,264,653)
Balance as at June 30, 2020	<u>21,827,719,170</u>	<u>1,862,979,154</u>	<u>(48,771,700,862)</u>	<u>148,083,748</u>	<u>6,696,714,412</u>	<u>8,396,013</u>	<u>6,853,194,173</u>	<u>(18,227,808,365)</u>	<u>72,702,017</u>	<u>(18,155,106,348)</u>
Balance as at January 1, 2021	21,827,719,170	1,862,979,154	(161,898,334,023)	-	9,457,797,724	7,345,231	9,465,142,955	(128,742,492,744)	77,629,763	(128,664,862,981)
Changes in Shareholders' Equity										
Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	(45,565)	(45,565)
Total comprehensive income (loss) for the period	-	-	12,178,882,584	-	-	5,986,979	5,986,979	12,184,869,563	(3,961,366)	12,180,908,197
Balance as at June 30, 2021	<u>21,827,719,170</u>	<u>1,862,979,154</u>	<u>(149,719,451,439)</u>	<u>-</u>	<u>9,457,797,724</u>	<u>13,332,210</u>	<u>9,471,129,934</u>	<u>(116,557,623,181)</u>	<u>73,622,832</u>	<u>(116,484,000,349)</u>

See condensed notes to the financial statements

.....
(Mr.Suvadhana Sibunruang)
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.....
(Mr.Chai Eamsiri)
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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
 FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
 "UNAUDITED"

UNIT : BAHT

	Issued and Paid-up Share Capital	Premium on Shares	Deficit Unappropriated	Separate financial statements			Total other components of equity	Total Shareholders' Equity
				Other Components of Equity				
				Gain (loss) on cash flow hedges - net of tax	Surplus on revaluation assets - net of tax	Gain on remeasuring equity securities at fair value through other comprehensive income		
Balance as at January 1, 2020	21,827,719,170	1,862,979,154	(13,247,356,738)	3,603,533,787	6,696,714,412	5,684,480	10,305,932,679	20,749,274,265
Changes in Shareholders' Equity								
Total comprehensive income (loss) for the period	-	-	(34,413,901,825)	(3,455,450,039)	-	84,847	(3,455,365,192)	(37,869,267,017)
Balance as at June 30, 2020	<u>21,827,719,170</u>	<u>1,862,979,154</u>	<u>(47,661,258,563)</u>	<u>148,083,748</u>	<u>6,696,714,412</u>	<u>5,769,327</u>	<u>6,850,567,487</u>	<u>(17,119,992,752)</u>
Balance as at January 1, 2021	21,827,719,170	1,862,979,154	(160,389,548,126)	-	9,457,797,725	5,316,519	9,463,114,244	(127,235,735,558)
Changes in Shareholders' Equity								
Total comprehensive income for the period	-	-	14,389,490,050	-	-	6,224,599	6,224,599	14,395,714,649
Balance as at June 30, 2021	<u>21,827,719,170</u>	<u>1,862,979,154</u>	<u>(146,000,058,076)</u>	<u>-</u>	<u>9,457,797,725</u>	<u>11,541,118</u>	<u>9,469,338,843</u>	<u>(112,840,020,909)</u>

See condensed notes to the financial statements

.....
 (Mr.Suvadhana Sibunruang)
 Acting Chief Executive Officer
 Attorney-in-Fact of the Plan Administrators

.....
 (Mr.Chai Eamsiri)
 Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
“UNAUDITED”

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) for the period		11,121,039,239	(28,029,524,653)	13,335,608,071	(34,413,901,825)
Adjustment to reconcile profit and loss					
Income tax expense		442,879,943	344,458,104	442,710,740	344,995,441
Depreciation and amortization		8,097,904,328	14,224,603,653	7,472,031,824	13,507,440,181
Dividend received		(759,376)	(906,628)	(21,759,376)	(173,499,032)
Share of loss from associates using the equity method		64,377,849	419,319,726	-	-
Gain on changes in ownership interest		-	(205,606,044)	-	-
Interest income		(12,328,160)	(87,801,974)	(11,758,996)	(85,303,581)
Finance cost		2,858,737,322	4,258,985,630	2,741,279,079	4,143,363,111
Gain on disposal of assets		(213,127,397)	(2,366,255)	(213,087,159)	(2,359,798)
Gain on sale of investments	21.1	(2,098,665,467)	-	(2,727,777,317)	-
Unrealized loss on foreign exchange rates		7,449,635,273	2,812,778,553	7,539,200,895	2,452,190,865
Loss of hedging financial instruments		-	5,258,315,243	-	5,258,315,243
(Gain) loss arising from financial asset designated at fair value through profit or loss		(131,755,610)	320,688	(131,755,610)	320,688
Provisions for pension fund	17	34,319,560	69,892,483	34,319,560	69,892,483
(Reversal) provisions for employee benefits	18	(5,600,614,737)	493,820,954	(5,609,707,782)	473,697,087
Provision for long-term aircraft maintenance		1,062,816,331	2,087,587,553	443,840,199	2,016,766,016
Loss on inventories and supplies obsolescence		92,423,956	162,323,489	92,423,956	162,323,489
Impairment loss on investments	23	-	-	-	2,144,227,404
(Reversal) credit loss on financial assets		(163,100,905)	150,930,760	1,038,865,146	6,169,105,034
Loss on right-of-use contract cancellation		126,510,048	-	126,510,048	-
Gain on offsetting obligation of service and engine maintenance fee	21.2	(1,457,095,281)	-	(1,457,095,281)	-
Gain on debt restructuring		(8,674,737,525)	-	(8,674,737,525)	-
(Reversal) impairment loss on aircraft and rotatable aircraft's spare part	22	(18,458,555,864)	3,054,090,037	(18,458,555,864)	3,054,090,037
Profit (loss) from operating before changes in operating assets and liabilities		(5,460,096,473)	5,011,221,319	(4,039,445,392)	5,121,662,843
Operating assets decrease (increase)					
Trade and other current receivables		(2,110,830,063)	8,218,327,757	(3,072,347,933)	6,067,453,591
Lease receivables		-	-	371,124,598	488,543,151
Inventories and supplies		8,086,165	67,530,760	357,542	69,057,254
Other current assets		64,120,452	(404,796,696)	63,901,489	(422,160,253)
Derivative asset and liabilities		-	(4,965,918,813)	-	(4,965,918,813)
Maintenance reserves		(118,406,921)	(1,018,188,047)	(118,406,921)	(1,066,264,062)
Other non-current financial assets		1,308,135,601	(46,810,547)	1,308,135,601	(46,810,547)
Other non-current assets		(109,783,935)	566,862,538	(60,409,672)	626,035,405

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
“UNAUDITED”

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Operating liabilities increase (decrease)					
Trade and other current payables		2,325,288,293	1,946,182,985	1,653,865,007	3,198,484,763
Deferred revenue		(337,900,300)	(12,961,273,643)	(230,329,174)	(12,724,192,337)
Other current liabilities		192,338,778	(34,837,478)	192,336,611	(36,217,588)
Staff pension fund		(217,592,865)	(54,785,483)	(217,592,865)	(54,785,483)
Employee benefit paid		(20,571,142)	(172,365,355)	(20,571,142)	(172,365,355)
Other non-current provisions		-	(1,913,092,283)	-	(1,913,092,283)
Other non-current liabilities		(30,070,223)	142,049,280	(29,831,315)	141,153,445
Net cash used in operations		(4,507,282,633)	(5,619,893,706)	(4,199,213,566)	(5,689,416,269)
Income tax paid		(93,768,563)	(146,954,540)	(90,602,595)	(136,159,238)
Income tax refund		-	900,751,409	-	900,751,409
Net cash flows used in operating activities		(4,601,051,196)	(4,866,096,837)	(4,289,816,161)	(4,924,824,098)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for purchase of property, plant and equipment		(6,502,079)	(407,726,338)	(3,887,702)	(407,441,915)
Cash paid for purchase of intangible assets		(2,217,467)	(6,105,367)	-	(6,090,699)
Cash received from sales of assets		261,919,777	3,108,594	261,879,360	3,102,052
Cash received from sales of investments	21.1	2,941,447,038	-	2,941,447,038	-
Interest received		14,737,110	192,170,376	14,167,945	189,671,900
Dividend received		759,376	147,769,158	759,376	148,357,157
Net cash flows provided by (used in) investing activities		3,210,143,755	(70,783,577)	3,214,366,017	(72,401,505)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from short-term borrowings		-	-	-	-
from financial institutions	6.3	-	4,000,000,000	-	4,000,000,000
Cash received from short-term borrowings from related parties	6.3	-	15,500,000,000	-	15,500,000,000
Cash paid for short-term borrowings from financial institutions	6.3	-	(270,363,051)	-	(270,363,051)
Cash paid for short-term borrowings from related parties	6.3	-	(7,586,172,835)	-	(7,586,172,835)
Cash paid for long-term borrowings from financial institutions	6.3	-	(362,019,231)	-	(362,019,231)
Cash paid for long-term borrowings from related parties	6.3	-	(725,022,629)	-	(725,022,629)
Cash paid for debenture repayment	6.3	-	(2,500,000,000)	-	(2,500,000,000)
Cash paid for lease liabilities	6.3	(412,779,821)	(7,597,179,697)	(406,672,455)	(7,588,639,046)
Interest paid		(263,040,768)	(3,117,250,500)	(263,040,768)	(3,117,250,500)
Dividends paid		(8,564)	(23,368)	(8,564)	(23,368)
Dividends of subsidiary paid to non-controlling interests		-	(2,625,000)	-	-
Net cash flows used in financing activities		(675,829,153)	(2,660,656,311)	(669,721,787)	(2,649,490,660)
Net increase in cash and cash equivalents					
before effect of exchange rate		(2,066,736,594)	(7,597,536,725)	(1,745,171,931)	(7,646,716,263)
Effect of exchange rate changes on cash and cash equivalents		120,926,509	(93,091,603)	120,610,935	87,246,637
Effects of reversal (loss) of credit loss on					
cash and cash equivalents		2,230,114	(9,577,832)	2,230,114	(9,577,832)
Cash and cash equivalents at beginning of the periods	6.1	8,673,722,750	21,663,207,227	7,960,503,517	20,873,087,866
Cash and cash equivalents at ending of the periods	6.1	6,730,142,779	13,963,001,067	6,338,172,635	13,304,040,408

See condensed notes to the financial statements

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 (UNAUDITED)**

1. GENERAL INFORMATION AND OPERATION

Thai Airways International Public Company Limited (the “Company”) was registered as a Public Limited Company in Thailand and 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 June 30, 2021, 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.

The Company’s principal activities are the operation of airline business and business units which related directly with transportation. As at June 30, 2021, 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 destinations were domestic (excluding Bangkok).

As at June 30, 2021, the Company and its subsidiaries (the “Group”) had current liabilities exceeded current assets by Baht 53,735 million and had capital deficiency of Baht 116,484 million in the consolidated financial statements and the Company had current liabilities exceeded current assets by Baht 49,767 million and had capital deficiency of Baht 112,840 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 has affected 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 temporarily 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 flights to be consistent with the demand, including launching new domestic routes. Since August 2020, the Company resumed some international flight services, including chartered flights but not yet operated as normal. On July 21, 2021, Thai Smile Airways Company Limited has temporarily suspended all domestic routes due to the new wave of COVID-19 pandemic. 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 closely 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 proposed the rehabilitation planner (“the Planners”) to the Central Bankruptcy Court. On May 27, 2020, the Central Bankruptcy Court accepted the business rehabilitation petition for further consideration. 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 repay debt, which is considered as debt payment default conditions. Therefore, the Company recorded the default interest at the rate of 1.25% to 23.00% per annum according to the terms of each contract, which consisted of loan agreements, debentures, and finance leases.

On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan and the amendment petitions in accordance with the resolution of the creditors’ meeting on May 19, 2021. As a result, the nomination of the Plan Administrator, whose names were proposed according to the business rehabilitation plan and the amendment petitions became the Plan Administrators. The two of the Plan Administrators are authorized to jointly sign to bind the Company. The Plan Administrators is authorized to operate the business, manage the Company’s assets, and implement the business rehabilitation plan. The essential parts of the business rehabilitation plan are capital restructuring, debt repayment of each class of the creditors, and the completion of the business rehabilitation plan (see Note 4).

Certain assets and liabilities recorded as at June 30, 2021 have been adjusted as a result of the approved rehabilitation plan. Right-of-use assets was remeasured from lease modification, and maintenance reserves was adjusted as specified in Letter of Intent (“LOI”) or new lease agreement with lessors. Accrued interest expenses from the loans, debentures, and finance leases have adjusted default interest rate at the rate of 1.25% - 23% per annum to interest rate in accordance with the rehabilitation plan. For financial liabilities, the Company remeasured liabilities that received an order from the Official Receiver for the application of debt repayment in business reorganization (see Note 4).

The Company’s management is in process to consider the impact of assets and liabilities recorded as at June 30, 2021 which may significantly change when the verifications of the liabilities are completed. The Company’s management believes that the preparation of financial statements on going concern basis is still appropriate because the Company is in the process of business rehabilitation. 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 a going concern depends on several factors of business management, including 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, 2020, (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 six-month period ended June 30, 2021 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 six-month period ended June 30, 2021 should be read in conjunction with the financial statements for the year ended December 31, 2020 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 June 30, 2021	As at December 31, 2020
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 the 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 financial reporting standards and the Conceptual Framework for Financial Reporting issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2021. 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, the amendment for definition of business, the amendment for definition of materiality and accounting requirements for interest rate reform. The adoption of these financial reporting standards does not have any significant impact on the Group's interim financial statements.

2.8 Thai Financial Reporting Standard No.16 (“IFRS 16”) “Leases”

IFRS 16 has been amended for the Rent Concessions related to COVID-19, which is effective from June 1, 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. In addition, the revised IFRS 16 also added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting period beginning on or after January 1, 2022 with earlier application permitted. This revised IFRS 16 has been announced in the Royal Gazette on January 27, 2021. The Group’s management is in the process to assess the impact of this interest rate benchmark reform on the financial statements of the Group in the period of initial application.

In addition, the amendment to IFRS 16 - Phase 2 has been announced in the Royal Gazette on May 13, 2021, which permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022. A lessee shall apply this amendment for annual reporting periods beginning on or after April 1, 2021 with earlier application is permitted.

The Group’s has been adopted the practical expedient regarding COVID-19-related rent concessions of this IFRS16 in the preparation of the financial statements for the six-month period ended June 30, 2021. However, the effect from adoption the practical expedient does not have any significant impact on the financial statements. Therefore, the Company did not retrospective adjustment for such impact.

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

The Federation of Accounting Professions has issued the Notification regarding the amendments to Thai Financial Reporting Standards No. 4 “Insurance Contracts”, Thai Financial Reporting Standards No. 7 “Financial Instruments: Disclosures”, and Thai Financial Reporting Standards No. 9 “Financial Instruments”, which have been announced in the Royal Gazette on June 28, 2021 and will be effective for the financial statements for the period beginning on or after January 1, 2022 onwards with earlier application permitted. The amendment to such Thai Financial Reporting Standards are relevant to the Phase 2 of the interest rate benchmark reform amendments which provided practical expedients for the modification of the contractual cash flows of financial assets or financial liabilities resulted from the interest rate benchmark reform, including temporary exceptions from specific hedge accounting requirements, and additional disclosure requirements of IFRS 7.

The Group’s management will adopt the relevant Thai financial reporting standards to the Company’s financial statement when the Thai financial reporting standards are effective. The Group’s management is in the process to assess the impact of these Thai financial reporting standards on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated and separate 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, 2020 excluding the adoption of the practical expedient regarding COVID-19-related rent concessions as disclosed in Note 2.8.

4. REHABILITATION PLANS

The situation of the epidemic of the coronavirus infection 2019 (“COVID-19”) that is now continuously expanding throughout all regions around 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 has temporarily suspended flights since March 25, 2020 which had significant impact to revenue of the Company.

4.1 Entering into the business rehabilitation process

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 freight and mail transportation service together 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.

During the rehabilitation process, the Company entered into a Letter of Intent (“LOI”) with 21 aircraft lessors during the period from December 2020 to March 2021 for 57 aircrafts, which consisted of 42 aircrafts under operating lease and 15 aircrafts under finance lease, presenting the intention of the counterparty to amend the current operating lease and financial lease to be in accordance with the terms set out in the LOI. In this regard, the LOI also set up the payment condition based on the actual usage of the aircraft (Power by the Hour) during the period as stated in the LOI. The revision of agreement will be subjected to the condition under the business rehabilitation plan

On March 2, 2021, the Planner submitted the rehabilitation plan to the Official Receiver and on May 7, 2021, the Planners submitted a petition to amend the rehabilitation plan to the Official Receiver. The Official Receiver scheduled the meeting with the creditors to consider the rehabilitation plan on May 12, 2021. Then, on May 19, 2021, the creditors’ meeting passed a resolution in accordance with the Section 90/46 of the Bankruptcy Act B.E. 2483, accepted the rehabilitation plan dated March 2, 2021 and the plan as amended per 3 plan amendment petitions, which were proposed by the Planner and two creditors, as well as nominated five plan administrators, i.e. Mr. Piyasvasti Amranand, Mr. Pornchai Thiravet, Mr. Siri Jirapongphan, Mr. Kraisorn Barameeauychai, and Mr. Chansin Treenuchagron. The Central Bankruptcy Court held the hearing to consider the rehabilitation plan on May 28, 2021.

On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan and the amendment petitions in accordance with the resolution of the creditors’ meeting on May 19, 2021 which resulted in the nominated plan administrator in accordance with the business rehabilitation plan and the amendment petitions of 5 persons became the Plan Administrator. The two of the Plan Administrators are authorized to jointly sign to bind the Company. The Plan Administrator is authorized to operate the business, manage the Company’s assets, and implement the business rehabilitation plan.

4.2 Essential parts of the business rehabilitation plan

Summary of essential parts of the business rehabilitation plan were as follows:

4.2.1 Capital restructuring

- The capital reduction by write-off the unissued and unsold registered share capital of 516,129,033 shares within 60 days of the date on which the Central Bankruptcy Court issued an order approving the business rehabilitation plan.
- The increment of register share capital for share allocation and share issuance according to the share option agreement (“share option”) by 19,644,947,252 shares at Baht 10 per share, in amount of Baht 196,449,472,520 to certain group of creditors and/or assignee as specified condition in the business rehabilitation plan.
- The increment of register share capital in the 4th year (year 2025) from the date on which the Central Bankruptcy Court issued an order approving the business rehabilitation plan for debt to equity conversion from new suspense interest of certain group of creditors by 1,903,608,176 share at Baht 10 per share, in amount of Baht 19,036,081,760. Share allocation to certain group of creditors had conditions as specified in the business rehabilitation plan.

- Subsequent to the completion of capital restructuring and the allocation of incremental share capital, if the Company has remain unallocated incremental share capital and/or issued shares, the Plan Administrator will have authority to decrease the share capital for write-off the unallocated and/or unissued shares.

4.2.2 Debt repayment of each class of the creditors

The Business Rehabilitation Plan classified creditors into 36 groups, consisting of one group of secured creditors and 35 groups of unsecured creditors. Each class of the creditors had different payment method, term, debt repayment period and related interest as specified in the business rehabilitation plan. Such debt may alter, depending on the final order for debt repayment from the Official Receiver and/or the Court (as the case may be) and the business rehabilitation plan specified the debt repayment shall be made in compliance with the final order of the Official Receiver, the Central Bankruptcy Court, the Court of Appeal for Specialized Case or the Supreme Court (as the case may be).

Interest arising from the loans from certain groups of creditors and debentures during the first 3 years from the date of the court's order approving the rehabilitation plan will be suspended ("new suspended interest"), whereby the creditor can choose to convert such new suspended interest to the Company's ordinary shares. The debt-to-equity conversion rate is at price 2.5452 baht per share according to the conditions specified in the rehabilitation plan.

4.2.3 Completion of the business rehabilitation plan

The rehabilitation process of the Company shall be considered as completion when archived all conditions as follows:

- (1) The Company registers the capital increase and obtains new credit facility as specified conditions stated in the business rehabilitation plan.
- (2) The Company implements the business rehabilitation plan without any default for a five years consecutive period from the date on which the Central Bankruptcy Court approves the business rehabilitation plan.
- (3) The Company has earnings before interest, tax, depreciation and amortization ("EBITDA") from operation after deducting cash outflow for aircraft lease liabilities repayment under the aircraft leases agreement, in an average amount not less than Baht 20,000 million per annum for two years prior to the successful outcome of the business rehabilitation plan being reported to the Court whereby the EBITDA in the latter year shall not be lower than Baht 20,000 million.
- (4) The Company appoints new directors, in case there is a change in shareholders as specified conditions stated in the business rehabilitation plan.

The period for the implementation of the business rehabilitation plan shall not exceed five years from the date of the Court issued an order approving the business rehabilitation plan, unless the Court grants an order for extension of time in accordance with the provisions of the Bankruptcy Act B.E. 2483.

4.3 Implementation of the business rehabilitation plan

4.3.1 Impact on the financial statements from the implementation of the business rehabilitation plan

After the Central Bankruptcy Court has issued an order to approve the business rehabilitation plan and the amendment petitions in accordance with the resolution of the creditors' meeting on May 19, 2021, assets and liabilities recorded as at June 30, 2021 have been adjusted in accordance with the business rehabilitation plan as follow:

- (1) The Company adjusted interest and maturity dates of loans and debentures in accordance with the business rehabilitation plan (see Notes 5.2 and 14), resulting to the Company had gain on debt restructuring in amount of Baht 6,831 million in the consolidated and separate statements of profit or loss and other comprehensive income.
- (2) During the six-month period ended June 30, 2021, the Company received an order from the Official Receiver to pay debt to some creditors. The Company considered to adjust financial liabilities according to principal debt, maturity date and interest rate in accordance with the business rehabilitation plan (see Notes 5.2 and 14.2), and recognized gain on derecognition of financial liabilities measured at amortized cost in amount of Baht 55 million for the substantial modification in value of liabilities as the recognition of new financial liabilities, including recognized gain on modification of financial liabilities measured at amortized cost in amount of Baht 1,249 million in the consolidated and separate statement of profit or loss and other comprehensive income.
- (3) The Company adjusted the liabilities from the major creditor of engine maintenance service agreements who was necessary for business operation in accordance with the business rehabilitation plan, resulting to the Company had gain on debt restructuring in amount of Baht 540 million in the consolidated and separate statements of profit or loss and other comprehensive income.
- (4) The Company adjusted the finance leases and operating leases by changing the rental rate, reference interest rate and terms and conditions for payment in accordance with LOI resulting in changing in value of right of use assets and lease liabilities (see Notes 11 and 15).

However, the Company made amendment in lease conditions of the original lease contract for 2 B777-300 ER and have been adjusted the affected from lease modification in the financial statements.

Gains on debt restructuring for the six-month period ended June 30, 2021 (2020: Nil) in the consolidated and separate financial statements are as follow:

	Unit : Million Baht
Gain on reversal of default interest (see Note 4.3.1 (1))	6,831
Gain on derecognition of financial liabilities measured at amortized cost (see Note 4.3.1 (2))	55
Gain on modification of financial liabilities measured at amortized cost (see Note 4.3.1 (2))	1,249
Gain on adjusting liabilities under engine maintenance service agreements (see Note 4.3.1 (3))	540
Total	<u><u>8,675</u></u>

4.3.2 Items in progress of implementation in accordance with the business rehabilitation plan

Trade and other account payables, certain loan creditors, shareholder creditors, debenture creditors and creditors who issued letter of guarantee and person who placed letter of guarantee. The Company is in the debt's verification process with the Official Receiver and will be adjusted upon receiving an order from the Official Receiver. The Company's management is in the process to consider the impact to liabilities which may be materially changed when complete the debt verification with the Official Receiver.

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 six-month period ended June 30, 2021 and 2020 are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2021	2020	2021	2020
Major shareholder				
Sales and rendering of services	-	1	-	1
Purchases and services	-	10	-	10
Interest expense	205	399	205	399
Subsidiaries				
Sales and rendering of services	-	-	1,651	2,853
Purchases and services	-	-	196	2,522
Dividend received	-	-	-	26
Associates				
Sales and rendering of services	-	71	-	71
Purchases and services	-	210	12	210
Dividend received	-	-	21	147
Director and managements remuneration				
Short-term management remuneration	11	22	8	19
Directors' remuneration	2	6	2	4

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 six-month period ended June 30, 2021 and 2020 of Baht 288,336 and Baht 760,000, respectively.

5.2 Balances as at June 30, 2021 and December 31, 2020 with related parties are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Trade and other current receivables				
Subsidiaries	-	-	11,574	10,263
Total	-	-	11,574	10,263

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

	Consolidated financial statements		Unit : Million Baht	
			Separate financial statements	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current lease receivable (see Note 7)				
Subsidiary	-	-	1,424	1,201
Total	<u>-</u>	<u>-</u>	<u>1,424</u>	<u>1,201</u>
Non-current lease receivable				
Subsidiary	-	-	4,426	4,631
Total	<u>-</u>	<u>-</u>	<u>4,426</u>	<u>4,631</u>
Trade and other current payables (see Note 16)				
Subsidiaries	-	-	126	142
Associates	45	45	45	45
Total	<u>45</u>	<u>45</u>	<u>171</u>	<u>187</u>

Borrowings from related parties as at June 30, 2021 and December 31, 2020 are consisted of:

	Unit : Million Baht	
	Consolidated and separate financial statements	
	June 30, 2021	December 31, 2020
Short-term borrowings from related parties		
From domestic financial institution controlled by major shareholder	-	11,261
Long-term borrowing from related parties		
From foreign financial institution through major shareholder	12,198	12,497
From domestic financial institution controlled by major shareholder	13,623	2,399
Total	<u>25,821</u>	<u>26,157</u>

During the six-month period ended June 30, 2021, the Company did not make repayment of principal or addition borrowing from related parties. On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in maturity date and interest rate of borrowing from related parties to be in accordance with the business rehabilitation plan. Accordingly, the Company classified the borrowing from related parties as a long-term borrowing from related parties.

As at June 30, 2021, the Company adjusted outstanding debt to repay of the borrowing from foreign financial institution through major shareholder and borrowing from domestic financial institution controlled by major shareholder which the Company received an order from the Official Receiver. However, the remaining borrowings from domestic financial institution controlled by major shareholder are in the process of debt verification with the Official Receiver (see Note 4).

Details of long-term borrowings from related parties as at June 30, 2021 and December 31, 2020 are as follows:

Unit : Million Baht					
Consolidated and separate financial statements					
	Principal Repayment Due Date	Interest rate (per annum)		Amount	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current Liabilities					
Short-term borrowing from related parties					
From domestic financial institution controlled by the major shareholder ⁽¹⁾	at call	-	1.14 - 3.40	-	11,261
Long-term borrowing from related parties					
Current Portion					
From foreign financial institution through major shareholder ⁽²⁾	at call	-	2.31	-	12,497
From domestic financial institution controlled by the major shareholder ⁽³⁾	at call	-	1.92	-	399
From domestic financial institution controlled by the major shareholder ⁽⁴⁾	at call	-	1.83	-	2,000
				-	26,157
Non-current Liabilities					
From domestic financial institution controlled by the major shareholder ⁽¹⁾	December 30, 2035	1.00 - 1.50	-	11,201	-
From foreign financial institution through major shareholder ⁽²⁾	December 30, 2032	1.50	-	12,198	-
From domestic financial institution controlled by the major shareholder ⁽³⁾	June 15, 2035	5.75 - 18.00	-	422	-
From domestic financial institution controlled by the major shareholder ⁽⁴⁾	December 30, 2035	1.00 - 1.50	-	2,000	-
Total				25,821	26,157

- (1) On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in maturity date and interest rate of short-term borrowing from related parties to be in accordance with the business rehabilitation plan. Therefore, as at June 30, 2021, the Company reclassified the short-term borrowings to be long-term borrowing in the whole amount and adjusted the outstanding debt from certain financial institution according to the order from the Official Receiver.
- (2) Borrowings from foreign financial institutions through major shareholder was the borrowings 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 to the Company, including fee relating to such borrowings. Therefore, the Company classified the borrowings due over one year to be the current portion as at December 31, 2020. Subsequently on June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in maturity date and interest rate of such long-term borrowing to be in accordance with the business rehabilitation plan. Therefore, as at June 30, 2021, the Company adjusted the outstanding debt according to the order from the Official Receiver and classified as long-term borrowing.
- (3) 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 aircrafts) as business collateral, with the total credit of Yen 4,200 million as a repayment collateral (see Note 10). As at December 31, 2021, the Company was in the business rehabilitation process which caused the default of payment. The Company classified long-term borrowings as current-liabilities due within one year. On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in repayment currency, maturity date and interest rate of such long-term borrowing to be in accordance with the business rehabilitation plan. Therefore, as at June 30, 2021, the Company adjusted the outstanding debt according to the order from the Official Receiver, remeasured the debt and classified as long-term borrowings.
- (4) 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, as at December 31, 2021, the Company reclassified such long-term borrowings to be the liabilities due within one year. On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in maturity date and interest rate of such long-term borrowing to be in accordance with the business rehabilitation plan. Therefore, as at June 30, 2021, the Company classified as long-term borrowings.

5.3 Significant agreements with related parties

Aircraft leases agreement

The Company entered into A320-200 aircraft sublease agreements with Thai Smile Airways Company Limited with lease period of 3 years and lease contract extension for the period 3 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 a part of trade and other current receivables) and non-current lease receivable in the separate financial statements as at June 30, 2021 of Baht 1,424 million and Baht 4,426 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 26.2).

6. ADDITIONAL CASH FLOWS INFORMATION

6.1 Cash and Cash Equivalents

Cash and cash equivalents as at June 30, 2021 and December 31, 2020 consist of:

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Cash on hand - Domestic	10	13	8	10
Cash on hand - Foreign	3	4	3	4
Cash at banks - Domestic	5,146	6,222	4,781	5,532
Cash at banks - Foreign	1,574	2,440	1,549	2,420
Total cash and cash equivalents	6,733	8,679	6,341	7,966
Less Expected credit loss	(3)	(5)	(3)	(5)
Total cash and cash equivalents	6,730	8,674	6,338	7,961

As of June 30, 2021, the Company had domestic cash at banks from selling investment of Bangkok Aviation Fuel Services Public Company Limited and Nok Airlines Public Company Limited remaining in amount of Baht 2,206 million which had restricted purpose for reimbursement direct expenses related to passenger flight operation, reimburse expenses related to cargo flight and expenses related to Mutual Separation Plan (MSP) according to the Central Bankruptcy Court order for rehabilitation.

6.2 Significant non-cash items for the six-month periods ended June 30, 2021 and 2020, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Payable for purchase of assets	455	443	455	443
Lease payable	4,900	1,278	4,900	1,278
Settlement of maintenance reserve for aircrafts and other payable according to LOI	281	-	281	-
Adjustment of right-of-use assets according to LOI	48,208	-	48,208	-
Reclassified accrued employee benefits	8,088	-	8,088	-
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 assets held under finance lease ⁽¹⁾	-	96,296	-	96,296

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

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 June 30, 2021	Consolidated financial statements						Balance as at June 30, 2021
	Balance as at January 1, 2021	Cash flows from financing activities	Changes from non-cash items			Others	
			Classification of non-current portion	Exchange rate	Effect from TFRS 16 ⁽¹⁾		
Short-term borrowings from financial institutions	3,730	-	(3,730)	-	-	-	-
Short-term borrowings from related parties	11,261	-	(11,261)	-	-	-	-
Long-term borrowings from financial institutions	8,511	-	3,730	-	-	2 ⁽²⁾	12,243
Long-term borrowings from related parties	14,896	-	11,261	-	-	(336) ⁽²⁾	25,821
Lease liabilities	123,801	(413)	-	4,658	(48,363)	(5,010) ⁽³⁾	74,673
Debentures	71,608	-	-	-	-	-	71,608
Total	233,807	(413)	-	4,658	(48,363)	(5,344)	184,345

⁽¹⁾ Effect of the adjustment of liabilities from the lease modification and remeasurement of lease liabilities from the change in variable payments based on the reference interest rate (see Note 15).

⁽²⁾ Changing in the financial liabilities measured at amortized cost (see Note 4) and revaluation of foreign exchange rate.

⁽³⁾ Reclassification of lease payables, other lease modification and revaluation of foreign exchange rate (see Note 15).

Unit : Million Baht

As at June 30, 2020	Consolidated financial statements					Balance as at June 30, 2020
	Balance as at January 1, 2020	Cash flows from financing activities	Exchange rate	Changes from non-cash items Effect from TFRS 16 ⁽¹⁾	Initial adoption TFRS 16	
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)	467	-	-	14,157
Lease liabilities	-	(7,597)	677	(1,292)	140,774	132,562
Debentures	74,108	(2,500)	-	-	-	71,608
Total	100,896	460	1,144	(1,292)	140,774	241,982

Unit : Million Baht

As at June 30, 2021	Separate financial statements						Balance as at June 30, 2021
	Balance as at January 1, 2021	Cash flows from financing activities	Classification of current portion	Exchange rate	Changes from non-cash items Effect from TFRS 16 ⁽¹⁾	Others	
Short-term borrowings from financial institutions	3,730	-	(3,730)	-	-	-	-
Short-term borrowings from related parties	11,261	-	(11,261)	-	-	-	-
Long-term borrowings from financial institutions	8,511	-	3,730	-	-	2 ⁽²⁾	12,243
Long-term borrowings from related parties	14,896	-	11,261	-	-	(336) ⁽²⁾	25,821
Lease liabilities	123,787	(407)	-	4,658	(48,363)	(5,017) ⁽³⁾	74,658
Debentures	71,608	-	-	-	-	-	71,608
Total	233,793	(407)	-	4,658	(48,363)	(5,351)	184,330

Unit : Million Baht

As at June 30, 2020	Separate financial statements					Balance as at June 30, 2020
	Balance as at January 1, 2020	Cash flows from financing activities	Exchange rate	Changes from non-cash items Effect from TFRS 16 ⁽¹⁾	Initial adoption TFRS 16	
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)	467	-	-	14,157
Lease liabilities	-	(7,589)	677	(1,305)	140,752	132,535
Debentures	74,108	(2,500)	-	-	-	71,608
Total	100,896	468	1,144	(1,305)	140,752	241,955

⁽¹⁾ Effect of the adjustment of liabilities from the lease modification and remeasurement of lease liabilities from the change in variable payments based on the reference interest rate (see Note 15).

⁽²⁾ Changing in the financial liabilities measured at amortized cost (see Note 4) and revaluation of foreign exchange rate.

⁽³⁾ Reclassification of lease payables, other lease modification and revaluation of foreign exchange rate (see Note 15).

7. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at June 30, 2021 and December 31, 2020 are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Trade receivables				
Related parties (see Note 5.2)	-	-	1,517	1,467
Other parties	5,425	4,156	5,261	3,828
<u>Less</u> Loss allowance	(1,402)	(1,553)	(2,855)	(2,896)
Total trade receivables	<u>4,023</u>	<u>2,603</u>	<u>3,923</u>	<u>2,399</u>
Other receivables				
Related parties (see Note 5.2)	-	-	10,057	8,796
Other parties	1,356	1,476	885	1,010
<u>Less</u> Loss allowance	(188)	(188)	(7,569)	(6,487)
Total other receivables	<u>1,168</u>	<u>1,288</u>	<u>3,373</u>	<u>3,319</u>
	<u>5,191</u>	<u>3,891</u>	<u>7,296</u>	<u>5,718</u>
Current lease receivable (see Note 5.2)	-	-	1,424	1,201
Accrued income	1,534	1,590	1,670	1,795
Receivable - the Revenue Department	202	-	202	-
Prepaid expenses and deposits	1,197	595	1,510	738
Total	<u><u>8,124</u></u>	<u><u>6,076</u></u>	<u><u>12,102</u></u>	<u><u>9,452</u></u>

As at June 30, 2021, the Company recognized expected credit loss in the separate financial statement in accordance with TFRS 9. Most of the expected credit loss were credit loss of trade and other current receivables of Thai Smile Airways Company Limited, a subsidiary, of Baht 8,875 million and other receivables of Baht 1,549 million.

Aging analysis of trade receivables are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Related parties				
Within credit terms	-	-	38	85
Overdue:				
Less than 6 months	-	-	108	110
6 - 12 months	-	-	100	717
1 - 2 years	-	-	1,271	555
	-	-	1,517	1,467
<u>Less</u> Loss allowance	-	-	(1,494)	(1,379)
	-	-	23	88
Other parties				
Within credit terms	2,002	1,517	1,892	1,332
Overdue:				
Less than 6 months	1,727	759	1,721	680
6 - 12 months	291	387	289	353
1 - 2 years	337	249	336	248
Over 2 years	1,068	1,244	1,023	1,215
	5,425	4,156	5,261	3,828
<u>Less</u> Loss allowance	(1,402)	(1,553)	(1,361)	(1,517)
	<u>4,023</u>	<u>2,603</u>	<u>3,900</u>	<u>2,311</u>
Total	<u><u>4,023</u></u>	<u><u>2,603</u></u>	<u><u>3,923</u></u>	<u><u>2,399</u></u>

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Significant movement of non-current assets classified as held for sale for the six-month period ended June 30, 2021 are as follows:

- On January 19, 2021, the Company disposed 98,983,125 shares of Bangkok Aviation Fuel Services Public Company Limited, representing 15.53% of the total shares which had book value using equity method, amounting to Baht 708 million in the consolidated financial statements and book value amounting to Baht 79 million in the separate financial statements. The selling price was Baht 27.40 per share, totaling Baht 2,712 million to Ratch Group Public Company Limited, according to the share purchase agreement dated December 29, 2020 and recognized gain on sales of investment in the amount of Baht 2,004 million and 2,633 million in the consolidated and separate financial statements, respectively (see Note 21.1).
- On February 8, 2021, the Company sold one B747-400 aircraft with net book value of Baht 49 million and recognized gain on sales of aircraft in the amount of Baht 171 million in the consolidated and separate financial statements.
- As at June 30, 2021, the Company classified land and building of Laksi training center from property, plant and equipment (see Note 10) to present as non-current assets held for sale in the amount of Baht 1,387 million. On January 20, 2021, the Planners approved to sell Laksi training center, which consists of land and buildings. Then, the Planners approved the result of the buyer selection who was Energy Complex Company Limited, on April 16, 2021 in the amount of Baht 1,810 million. The buyer entered into sale and purchase agreement and placed down payment of Baht 181 million on May 7, 2021. The Company transferred the ownership of land and building of Laksi training center to the buyer and received all remaining payment on August 5, 2021.

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 June 30, 2021 and December 31, 2020 and dividend income for the six-month period ended June 30, 2021 and 2020 are as follows:

Unit : Million Baht

	Country of incorporation	Nature of business	Percentage of shareholding (%)		Consolidated financial statements						Separate financial statements		Dividend income	
			June 30, 2021	December 31, 2020	Paid up capital		Equity method		Cost method		Cost method - net		June 30, 2021	June 30, 2020
					June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020		
Associates														
Donmuang International Airport Hotel Company Limited	Thailand	Hotel business	40.00	40.00	120	120	68	88	48	48	48	48	-	-
Bangkok Aviation Fuel Services Public Company Limited ⁽¹⁾	Thailand	Fuel service in the airport	7.06	7.06	637	637	292	322	36	36	36	36	-	147
Phuket Air Catering Company Limited	Thailand	Produce food and provide products for airlines	30.00	30.00	100	100	162	191	30	30	30	30	21	-
Suvarnabhumi Airport Hotel Company Limited	Thailand	Hotel business	30.00	30.00	1,018	1,018	303	309	305	305	305	305	-	-
Total							<u>825</u>	<u>910</u>	<u>419</u>	<u>419</u>	<u>419</u>	<u>419</u>	<u>21</u>	<u>147</u>

⁽¹⁾ As at June 30, 2021 and December 31, 2020, the Company had significant influence over Bangkok Aviation Fuel Services Public Company Limited through the director. Fair value of Bangkok Aviation Fuel Services Public Company Limited were Baht 1,238 million and Baht 3,427 million, respectively. However, the Company considered the remaining significant influence in the Bangkok Aviation Fuel Services Public Company Limited because the Company had directors in such associated company.

9.2 Investments in subsidiaries

Investments in subsidiaries recorded by cost method for the separate financial statements as at June 30, 2021 and December 31, 2020 and dividend income for the six-month periods ended June 30, 2021 and 2020 are as follows:

Unit : Million Baht

	Country of incorporation	Nature of business	Percentage of Shareholding (%)		Paid up capital		Separate financial statements				Dividend income		
			June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	Cost method		Cost method - net		June 30, 2021	June 30, 2020	
							June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020			
Subsidiaries													
Thai-Amadeus Southeast Asia Company Limited	Thailand	Integrated travel information technology service	55.00	55.00	15	15	8	8	8	8	-	-	25
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
Thai Smile Airways Company Limited ⁽¹⁾	Thailand	Air transportation services	100.00	100.00	1,800	1,800	1,800	1,800	-	-	-	-	-
Total							<u>1,810</u>	<u>1,810</u>	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>26</u>

⁽¹⁾ As at June 30, 2021 and December 31, 2020, the Company had assessed the performance of Thai Smile Airways Company Limited which continuously had accumulated loss and capital deficiency 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 had the recoverable amount of such investment was less than net carrying amount. Therefore, the Company recognized an allowance for impairment of such investment of Baht 1,800 million.

10. PROPERTY PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the six-month period ended June 30, 2021 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Net book value as at January 1, 2021	42,127	42,093
Acquisitions - at cost	7	5
Transfer to non-current asset classified as held for sale (see Note 8)	(1,387)	(1,387)
Transfer to non-performing assets (see Note 13)	(276)	(276)
Adjustment	45	45
Depreciation for the period	(1,752)	(1,749)
Net book value as at June 30, 2021	38,764	38,731

As at June 30, 2021, 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 June 30, 2021, there were 33 aircrafts represented in the Company's fleet, consisting of 2 own aircrafts with the net book value of Baht 473 million were pledged as business collateral (see Note 5.2) and 31 aircrafts under finance lease with the net book value of Baht 43,873 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.

As at June 30, 2021, 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 3,155 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 muang Airport is currently under the negotiation with Airports of Thailand Public Company Limited (see Notes 5.3 and 27.3).

11. RIGHT-OF-USE ASSETS

Movements of right-of-use assets during the six-month period ended June 30, 2021 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Net book value as at January 1, 2021	116,822	110,921
Increase from new contracts - at cost	48	41
Termination of contract	(133)	(133)
Decrease from rent concession	(248)	(248)
Remeasurement of right-of-use assets	(48,678)	(48,524)
Depreciation for the period	(6,396)	(5,831)
Reversal of impairment loss (see Note 22)	18,154	18,154
Net book value as at June 30, 2021	79,569	74,380

As at June 30, 2021, the Company remeasured right-of-use assets as a result of rent concession related to COVID-19 from lessors.

As at June 30, 2021, the Company adjusted right-of-use assets according to the rental and lease period conditions as specified in the LOI or new lease agreements with lessors of each lease agreement which was effective since the Central Bankruptcy Court issued an order to approve the business rehabilitation on date June 15, 2021. The Company applied discounted rate by using the incremental borrowing rate at the date of modification, at 5.91% to 13.60% per annum (As at December 31, 2020 : 2.38% to 4.10% per annum), to lease remeasurement and resulted to decrease of right-of-use assets in amount of Baht 48,208 million for leased aircrafts of 39 operating leases and 15 finance leases and adjusted right-of-use assets by remeasurement lease liabilities from the change in variable payments based on the reference interest rate.

12. MAINTENANCE RESERVES FOR AIRCRAFT

Movements of maintenance reserves for aircraft during the six-month period ended June 30, 2021 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Maintenance reserves for aircraft at the beginning period	14,121	14,121
Increase	118	118
Adjust from exchange rate	960	960
Adjust balance as a result of LOI	(281)	(281)
Expected credit losses	(1)	(1)
Maintenance reserves for aircraft at the ending period	14,917	14,917

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.

During the business rehabilitation process, the Company made LOI with lessors which was effective when the Central Bankruptcy Court issued an order to approve the business rehabilitation plan. The condition of certain LOI were described the debt waiver of maintenance reserve. On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan. Accordingly, the Company adjusted maintenance reserve in amount of Baht 281 million in the consolidated and separate financial statements.

13. OTHER NON-CURRENT ASSETS

Other non-current assets as at June 30, 2021 and December 31, 2020 are as follows:

	Consolidated		Unit: Million Baht Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Non-performing assets	646	370	646	370
Security deposits under aircraft lease agreements	3,555	3,270	3,555	3,270
Others	792	848	630	624
Less Loss allowance	(3)	(3)	(3)	(3)
Total	4,990	4,485	4,828	4,261

14. INTEREST BEARING LIABILITIES

14.1. Short-term borrowings from financial institutions

Short-term borrowings from financial institutions as at June 30, 2021 and December 31, 2020 are as follows:

	Fixed Interest rate		Unit: Million Baht Consolidated and separate	
	(% per annum)	(% per annum)	financial statements	financial statements
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Short-term borrowings from financial institutions	-	2.15 - 2.85	-	3,730
Total			-	3,730

During the six-month period ended June 30, 2021, the Company did not have additional short-term borrowings from financial institutions and did not make repayment of principle. On June 15, 2021, the Central Bankruptcy court issued an order to approve the business rehabilitation plan, resulting the change in maturity date and interest rate of short-term borrowing to be in accordance with the business rehabilitation plan. Therefore, the Company classified such short-term borrowing as long-term borrowing from financial institutions (see Note 14.2).

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 June 30, 2021 and December 31, 2020 are as follows:

Contract date	Principal repayment due date	Interest rate		Unit: Million Baht	
		(% per annum)		Consolidated and separate financial statements	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
December 20, 2010	December 30, 2035	1.00 - 1.50	2.51	2,920	2,920
October 8, 2019	December 30, 2035	1.00 - 1.50	2.17	2,001	2,000
September 30, 2014 and August 27, 2018	December 30, 2035	1.00 - 1.50	2.11 - 3.56	1,192	1,191
July 10, 2018	December 30, 2035	1.00 - 1.50	2.76	2,400	2,400
Short-term borrowing from financial institutions	December 30, 2035	1.00 - 1.50	-	3,730	-
Total				12,243	8,511
<u>Less</u> Due within 1 year				-	(8,511)
Remaining portion of long-term borrowings				<u>12,243</u>	<u>-</u>

During the six-month period ended June 30, 2021, the Company did not have additional long-term borrowings from financial institutions and did not make repayment of principle. The Company did not use fixed assets or other securities as collateral for any borrowings.

On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in maturity date and interest rate to be in accordance with the business rehabilitation plan. Therefore, as at June 30, 2021, long-term borrowings from financial institutions which previously classified as due within one year, were reclassified to long-term borrowings. The Company adjusted outstanding debt to repay which the Company received an order from the Official Receiver. However, the remaining borrowings from financial institution controlled are in the process of debt verification with the Official Receiver (see Note 4).

14.3. Debentures

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

On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in maturity date and interest rate to be in accordance with the business rehabilitation plan. The debentures had maturity period from December 30, 2028 to December 30, 2036 as specified in the business rehabilitation plan. As a result, on June 30, 2021, debentures in amount of Baht 71,608 million were classified as non-current liabilities in the consolidated and separated financial statements.

15. LEASE LIABILITIES

Changing in lease liabilities for the six-month period ended June 30, 2021 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Balance as at January 1, 2021	123,801	123,787
Increase from new contracts	48	41
Decrease from rent concession	(248)	(248)
Remeasure lease liabilities from contract modification	(48,363)	(48,363)
Termination of contract	(6)	(6)
Reclassified to lease payables	(4,900)	(4,900)
Payment	(413)	(407)
Adjust from exchange rate	4,754	4,754
Balance as at June 30, 2021	74,673	74,658

As at June 30, 2021, the Company remeasured lease liabilities as a result of rent concession related to COVID-19 from lessors.

As at June 30, 2021, the Company adjusted lease liabilities according to the rental and lease period conditions as specified in the LOI or new lease agreements with lessors of each lease agreement which was effective since the Central Bankruptcy Court issued an order to approve the business rehabilitation on date June 15, 2021. The Company applied discounted rate by using the incremental borrowing rate at the date of modification, at 5.91% to 13.60% per annum (As at December 31, 2020 : 2.38% to 4.10% per annum), to lease remeasurement and resulted to decrease of lease liabilities in amount of Baht 48,208 million for leased aircrafts of 39 operating leases and 15 finance leases and reclassified lease liabilities to be in accordance with the condition in LOI and amendment lease agreement and remeasured lease liabilities from the change in variable payments based on the reference interest rate.

Lease liabilities as at June 30, 2021 consisted of the following:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Lease liabilities	74,673	74,658
<u>Less</u> Lease liabilities due within 1 year	(541)	(531)
Net from lease liabilities due within 1 year	74,132	74,127

16. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payable as at June 30, 2021 and December 31, 2020 are as follows:

	Consolidated financial statements		Unit : Million Baht	
			Separate financial statements	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Trade payables				
Related parties (see Note 5.2)	45	45	171	187
Other parties	20,748	19,363	20,398	19,114
Total trade payables	<u>20,793</u>	<u>19,408</u>	<u>20,569</u>	<u>19,301</u>
Other payables				
Airport fees payable	2,060	2,162	2,060	2,162
Other parties	22,031	15,338	21,994	15,257
Total other payables	<u>24,091</u>	<u>17,500</u>	<u>24,054</u>	<u>17,419</u>
Accrued expenses	1,755	2,510	1,798	2,301
Accrued interest expenses	2,761	8,431	2,761	8,431
Accrued flight service expenses	368	228	345	178
Accrued employee benefits (see Notes 17 and 18)	8,088	3,766	8,088	3,766
Total	<u><u>57,856</u></u>	<u><u>51,843</u></u>	<u><u>57,615</u></u>	<u><u>51,396</u></u>

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	
	June 30, 2021	December 31, 2020
Cash at bank (Presented in other non-current financial assets)	14	1,271
Receivable - Bank (Presented in other non-current financial assets)	1,717	2,331
Other current assets	49	50
Total Assets	<u><u>1,780</u></u>	<u><u>3,652</u></u>
Accrued payment for staff termination (Presented in trade and other current payables)	586	1,470
Other current liabilities	-	219
Staff pension fund	1,194	1,963
Total Liabilities	<u><u>1,780</u></u>	<u><u>3,652</u></u>

As at June 30, 2021, the staff pension fund had remaining balances of Baht 1,194 million which equaled to the Company's obligations to employees.

During the six-month period ended June 30, 2021, the Company paid to the employees who left provident fund in amount of Baht 217 million, paid to staff termination under early retirement project (MSP-A) and the employees who left provident fund in the amount of Baht 1,688 million and recognized pension expense in the amount of Baht 34 million.

As at June 30, 2021, the Company had accrued payment for staff termination under early retirement project (MSP-B and MSP-C) and the employee who left the provident fund in amount of Baht 586 million (see Note 16).

18. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movements of non-current provisions for employee benefits for the six-month period ended June 30, 2021 are as follows:

	Consolidated	Unit : Million Baht
	financial statement	Separate
		financial statement
Non-current for provision employee benefits at the beginning period	15,316	15,242
Current service costs	295	286
Interest costs	103	103
Past service costs	(6,358)	(6,358)
Actuarial loss on other long-term benefits		
- recognize in the profit or loss	359	359
Actuarial gain on employee benefits obligations		
- recognize in the other comprehensive income	(1,317)	(1,317)
Reclassified to accrued payment for employee benefits	(3,456)	(3,456)
Benefit paid - foreign staff	(21)	(21)
Non-current for provision employee benefits at the ending period	4,921	4,838

During the year 2021, the Company changed the employee benefit schemes by cancelling the retirement medical benefits for retired employees and early retirement employees including spouses and unmarried children under 20 years old and canceled the souvenirs benefit to employees including adjust the policy of annual vacation benefits and ticketing benefits.

As at June 30, 2021, the Company reassessed employee benefit obligation by reflecting change in employee benefit schemes, number of employees, salary increasing rate, discount rate and historical experience of professional, then adjusted the impact of these assumption in the consolidated and separated financial statements.

Early Retirement Program

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 4,000 persons by the Company's approval. Such program had two options which will result in an approved employees retiring from December 1, 2020 (MSP-A), or having the right to decide to leave the Company on May 1, 2021 (MSP-B). For both options, the Company will pay the legal compensation as required by Thai Labor Law and other specific compensation in an average amount starting from June 2021 to June 2022.

On February 18, 2021, the Company announced Mutual Separation Plan C (MSP-C) for employees who has no intention to apply for positions in the new organizational structure or applies for positions in the new organizational structure but was not selected and intends to resign from the Company by receiving compensation according to the program. Employees should express their intention within April 19, 2021 which employees participated in the program approximately 2,500 persons by the Company's approval. Such program will result in an approved employees retiring from May 1, 2021. The Company will pay the legal compensation as required by Thai Labor Law and other specific compensation in an average amount starting from September 2021 to December 2022.

On June 2, 2021, the Company announced Mutual Separation Plan D (MSP-D) for employees who applied for positions in the new organizational structure but was not selected and intended to resign by receiving compensation of the program. Employees was requested to express their intention within June 13, 2021 by the Company's approval. Such program had three options which will result in an approved retire employees from July 1, 2021 (MSP-D1) or January 1, 2022 (MSP-D2 and MSP-D3). The Company will pay the legal compensation as required by Thai Labor Law and other specific compensation in an average amount starting from January 2022 to December 2022.

As at June 30, 2021, the Company approved employee benefits for program MSP-A MSP-B and MSP-C. The Company had accrued liabilities for employees in amount of Baht 7,502 million, presented as part of trade and other current payables (see Note 16).

19. OTHER NON-CURRENT PROVISIONS

Movements of other non-current provisions during the six-month period ended June 30, 2021 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Other non-current provisions at the beginning period	18,454	16,028
Increase during the period	1,063	444
Adjust exchange rate	898	898
Other non-current provisions at the ending period	<u>20,415</u>	<u>17,370</u>

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

Disaggregation of revenue

The Company disaggregate revenue from sales and services with customers for overtime and at the point of time by segment related to segment information disclosure in accordance with Thai Financial Reporting Standards No. 8 "Operating Segment" (see Note 24).

Revenue from sales and services for the six-month periods ended June 30, 2021 and 2020 were classified revenue by timing of revenue recognition and type of goods and services as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2021	2020	2021	2020
Timing of revenue recognition				
Revenue recognize by point in time				
Air freight				
Revenue from passenger and excess baggage	1,875	31,117	781	29,707
Revenue from freight	3,841	5,083	3,844	5,058
Business unit				
Revenue from business unit	2,332	3,507	2,806	4,089
Other activities				
Revenue from other activities	45	70	-	-
Revenue recognize over time				
Air freight				
Revenue from charter flight services	14	16	14	16
Business unit				
Revenue from aircraft repair and maintenance services	198	415	250	472
Total	<u>8,305</u>	<u>40,208</u>	<u>7,695</u>	<u>39,342</u>

21. GAIN ON SALE OF INVESTMENTS AND OTHER INCOME

21.1 Gain on sale of investments

Gain on sale of investments for the six-month periods ended June 30, 2021 and 2020 consisted of:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2021	2020	2021	2020
Gain on sale of investments	2,098	-	2,728	-
Total	<u>2,098</u>	<u>-</u>	<u>2,728</u>	<u>-</u>

On January 19, 2021, the Company sold investment in Bangkok Aviation Fuel Services Public Company limited (BAFs) in amount of Baht 2,712 million and recognized gain on sale of investment in amount of Baht 2,004 million and Baht 2,633 million, respectively, in the consolidated and separate financial statements (see Note 8).

During the period from June 10, 2021 to June 30, 2021, the Company sold investment in Nok Airlines Public Company Limited at the price Baht 1.04 - 2.68 per share, totaling to Baht 229 million and recognized gain on sale of investment in amount of Baht 95 million in the consolidated and separate financial statements.

21.2 Other income

Other income for the six-month periods ended June 30, 2021 and 2020 consisted of:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2021	2020	2021	2020
Other income from offsetting obligation of service and engine maintenance fee	1,457	-	1,457	-
Others	458	285	402	476
Total	<u>1,915</u>	<u>285</u>	<u>1,859</u>	<u>476</u>

During the six-month period ended June 30, 2021, the Company made a dispute settlement agreement with a company (disputant). The High Court of Justice Business and Property Court of England and Wales Business List (ChD) had issued a dismissal order to the dispute of claim for engine damages. A disputant agreed to indemnify the Company by issuing credit notes to settle with the Company's liabilities. The Company had a right to utilize the credit notes for offset outstanding monthly service and maintenance fees under the contract and service fee for engine maintenance under the term of settlement agreement and the business rehabilitation plan. In consequence, the Company recognized other income from offsetting obligation of service and engine maintenance fee in amount of Baht 1,457 million in the consolidated and separate financial statements.

22. IMPAIRMENT LOSS ON AIRCRAFT AND ROTABLE AIRCRAFT'S SPARE PART (REVERSAL)

Impairment loss on aircraft and rotatable aircraft's spare part for the six-month periods ended June 30, 2021 and 2020 consisted of:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2021	2020	2021	2020
Aircraft	(18,463)	2,896	(18,463)	2,896
Engines	-	6	-	6
Aircraft Spare Parts	4	152	4	152
Total	<u>(18,459)</u>	<u>3,054</u>	<u>(18,459)</u>	<u>3,054</u>

During the six-month period ended June 30, 2021, the Company reversed impairment loss on aircraft, resulting from the decrement in right-of-use assets which was arising from the change in rental fee and rental period conditions as specified in the LOI or amendment lease agreement of each contract with the lessor (see Note 11).

23. OTHER EXPENSES

Other expenses for the six-month periods ended June 30, 2021 and 2020 consisted of:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2021	2020	2021	2020
Impairment loss from investment	-	-	-	2,144
Others	1,710	3,169	1,526	2,980
Total	<u>1,710</u>	<u>3,169</u>	<u>1,526</u>	<u>5,124</u>

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, consists 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 the 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 Segments

The operating segments are classified in the consolidated financial statements for the six-month periods ended June 30, 2021 and 2020 consisted of the following:

	Consolidated financial statements						Unit : Million Baht	
	Air Transportation		Business Units		Other Activities		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
External Revenue								
(see Note 20)	5,730	36,216	2,530	3,922	45	70	8,305	40,208
Inter - segment revenue								
(expenses)	(516)	(3,180)	235	1,991	281	1,189	-	-
Interest income	12	85	-	-	-	2	12	87
Other income	12,679	462	9	29	1	-	12,689	491
Total Revenue	<u>17,905</u>	<u>33,583</u>	<u>2,774</u>	<u>5,942</u>	<u>327</u>	<u>1,261</u>	<u>21,006</u>	<u>40,786</u>
Fuel expense	(1,718)	(10,714)	-	-	-	(788)	(1,718)	(11,502)
Employee benefits expenses	(303)	(6,431)	(1,500)	(2,647)	(855)	(2,077)	(2,658)	(11,155)
Flight service expenses	(852)	(4,221)	-	(7)	-	(355)	(852)	(4,583)
Depreciation and								
amortization expenses	(7,354)	(12,636)	(303)	(403)	(441)	(1,186)	(8,098)	(14,225)
Impairment loss on aircraft and								
rotable aircraft's spare part (reversal)	18,459	(3,054)	-	-	-	-	18,459	(3,054)
Other expenses	(4,541)	(16,131)	(577)	(1,721)	(223)	(303)	(5,341)	(18,155)
Loss from foreign exchange rate	(6,317)	(1,032)	-	-	6	(87)	(6,311)	(1,119)
Finance costs	(2,859)	(4,143)	-	-	-	(116)	(2,859)	(4,259)
Share of loss on								
investment in associates	(64)	(419)	-	-	-	-	(64)	(419)
Total Expenses	<u>(5,549)</u>	<u>(58,781)</u>	<u>(2,380)</u>	<u>(4,778)</u>	<u>(1,513)</u>	<u>(4,912)</u>	<u>(9,442)</u>	<u>(68,471)</u>
Profit (loss) before income								
tax expense	12,356	(25,198)	394	1,164	(1,186)	(3,651)	11,564	(27,685)
Income tax revenue (expense)	(443)	(345)	-	-	-	1	(443)	(344)
Profit (loss) by segments	<u>11,913</u>	<u>(25,543)</u>	<u>394</u>	<u>1,164</u>	<u>(1,186)</u>	<u>(3,650)</u>	<u>11,121</u>	<u>(28,029)</u>

As at June 30, 2021 and December 31, 2020 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	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2021	December 31, 2020
Current assets	17,866	17,751	523	557	788	893	19,177	19,201
Investments in associates	825	910	-	-	-	-	825	910
Property, plant and equipment	31,112	34,054	5,658	5,850	1,994	2,223	38,764	42,127
Right of-use-assets	73,478	110,360	4,651	4,915	1,440	1,547	79,569	116,822
Other non-current assets	28,412	29,144	-	-	37	43	28,449	29,187
Non-allocated assets	-	-	-	-	-	-	1,798	1,050
Total assets							<u>168,582</u>	<u>209,297</u>
Current liabilities	68,542	296,073	319	153	527	548	69,388	296,774
Non-current liabilities	210,326	35,836	-	-	30	29	210,356	35,865
Non-allocated liabilities	-	-	-	-	-	-	5,322	5,322
Total Liabilities							<u>285,066</u>	<u>337,961</u>

24.2 Revenues by Geographical Segment

Operating segments classified by geographical in the consolidated financial statements for the six-month periods ended June 30, 2021 and 2020 are as follows:

	Unit: Million Baht	
	Consolidated financial statements	
	June 30	
	2021	2020
Domestic Revenues		
Air Transportation	1,092	2,301
Business Unit	2,530	3,922
Others	45	70
Foreign Revenues		
Air Transportation		
Asia	2,992	17,254
Europe	1,374	12,728
Australia & New Zealand	272	3,933
Total Revenues	<u>8,305</u>	<u>40,208</u>

25. DISCLOSURE OF FINANCIAL INSTRUMENTS

25.1 Financial risk management objectives

The Group's Corporate financial risk management is under policy framework and management framework of risk management committee. The risk management committee is responsible for supervising monitoring and managing financial risk relating to the Group's operations through internal risk report which analyze from size and level of risk. These risks included market risk as well as currency risk, interest rate risk, fuel price risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The using of derivatives financial instrument is governed by the risk management committees' policy and framework.

25.2 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and fuel price. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign currency and fuel price risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk;
- interest rate swaps to mitigate the risk of rising interest rates;
- commodity option to mitigate the fuel price risk of purchased inventory

25.2.1 Foreign Currency Exchange Rate Risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

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.

As at June 30, 2021, the Company did not have CCS transaction and Forward contracts 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.

25.2.2 Interest rate risk management

The Company is exposed to interest rate risk from borrowing and finance lease payable at both fixed and floating interest rates. The risk is managed by the maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract. However, as at June 30, 2021, the Company has no interest rate swap contract transaction because the contract is due and the Company does not enter into an additional contract.

25.2.3 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 has 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 budget and 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.

The Company enters into derivative transactions to limit these risks. Hedging activities are regularly assessed to reflect the Group's expectations of the expected changes in price and risk to ensure the most effective hedging strategy is used.

However, due to the epidemic situation of COVID-19 since the beginning of 2020 combined with the company is in the process of rehabilitation under the Central Bankruptcy Court. As a result, the Company does not have any derivative transactions for hedge fuel price for the year 2021 until the situation of the Company and aviation industry can recover to operate business normally.

25.3 Credit risk management

Note 7 details the Group's maximum exposure to credit risk and the measurement bases used to determine expected loss allowance.

The Group exposures to credit risk which related to trade and other receivables. The management has adopted a policy and appropriated control risk, therefore the Group does not expect to any significant losses from credit granting. Moreover, The Group's credit granting is not concentrated because the Group has large and diverse customer base, the maximum amount which the Group may incur on credit granting is the book value of trade and other receivables as shown in the statement of financial position.

25.4 Liquidity and interest risk management

Ultimate responsibility for liquidity risk management and the payment period rest with the Plan Administrators, which have established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding including financial liabilities which are not derivatives. The framework of risk management is within the business rehabilitation plan, as described in Note 4.

25.5 Classes and categories of financial instruments and their fair values

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 June 30, 2021 and December 31, 2020.

	Level of Fair value	Unit : Million Baht			
		Consolidated financial statements		Separate financial statements	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Financial assets measured at fair value through profit or loss					
<i>Other non-current financial assets</i>					
Investment in debt securities	Level 3	57	53	57	53
Investment in funds	Level 2	1	1	1	1
Investment in market equity securities	Level 1	557	560	557	560
Financial assets measured at fair value through other comprehensive income					
<i>Other non-current financial assets</i>					
Investment in non-market equity securities	Level 3	27	21	21	15

Financial instruments measured at fair value

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

Types	Valuation techniques
Non - marketable 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 is calculated by using valuation techniques via 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 six-month period ended June 30, 2021, the Company did not transfer financial instruments between the fair value hierarchy.

26. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has contingent liabilities arising from commitments which have not been recognized in the financial statements as at June 30, 2021 and December 31, 2020 as follows:

26.1 Bank Guarantee

The Company has bank guarantees issued by domestic and foreign banks as follows:

	Unit : Million (Currency)	
	Consolidated and Separate financial statements	
	June 30, 2021	December 31, 2020
Bank Guarantee		
Issued by domestic banks		
THB Currency	98	98
Issued by foreign banks		
BDT Currency	10	10
AUD Currency	1	7
INR Currency	124	389
SAR Currency	5	5
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 Commitment

- On June 15, 2021, the Board Planner's meeting No. 1/2021 passed the resolution to approve the Company to terminate onerous contract. The Company is in the process of negotiation to terminate the contract and had obligation from contract's termination according to the approved Business Rehabilitation plan as ordered by the Central Bankruptcy Court.
- As at June 30, 2021, the Company had obligations from 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. Currently, the management is on negotiation process of modifying the lease condition.

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 4 cases with claim amount of Baht 6 million and the complaints in domestic and foreign with claim amount of Baht 359 million. As of June 30, 2021, the Company's management considering such disputes and claims based on facts and laws, the impact of such matters is insignificant to the financial statement.

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 493 million, import duty in amount of Baht 244 million, excise tax in amount of Baht 755 million, interior tax in amount of Baht 76 million, value added tax in amount of Baht 110 million, the subsidies for Thai Health Promotion Foundation in amount of Baht 15 million, and the subsidies for Thai Public Broadcasting Service in amount of Baht 11 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. At present, the Customs Department has informed that in the case of bringing goods into the duty free zone to produce, mix, assemble, pack or perform any other actions on such goods, in order to export from the Kingdom, and the importer has fully complied with the rules, method and procedures for customs procedures of the free zone. This shall be exempt from the law in respect of standard or quality control, stamping any marks on such items, and are exempt from the law in respect of the control of importation into the Kingdom, exporting from the Kingdom, possession or use of such goods only in the area as identified in the ministerial regulation. Currently, the Company is in the process of coordinating with the Customs Department and relevant government agencies in order to resolve problems and settle of such dispute.

- 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. As at June 30, 2021, 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. The mentioned disputes are in negotiation process.

- 27.3 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.

Later, creditors have submitted the rental agreement which occurred on September 14, 2020, to receive repayment to the Official Receiver in the business rehabilitation process. The debt value is currently under investigation by the Official Receiver to determine the creditors' rights to be paid in the business rehabilitation process. The obligations in the period which occur after September 14, 2020, as well as the criteria, conditions and the rental rate and benefits of being certified to operate the business, which will be defined in the new contract, have been negotiating for mutual conclusion.

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

The Company has been impleaded 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 same as the first main proceedings in which the Company had not been sued as a major defendant. On June 22, 2020, Freshfields Law Firm reported that Cargo Netherlands pending review of the Amsterdam District Court on March 10, 2020, that the Appeal Court ruled that the transfer of claims to Stichting Cartel Compensation ("SCC") is complete.

Subsequently, on June 9, 2020, the Court held a major hearing at the Stichting Cartel Compensation ("SCC") Group 1 ("SCC I") and Group 2 ("SCC II") against Singapore Airlines. British Airways ("British Airways"), Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively "Lufthansa") and KLM, Martin Air, Air France (collectively "KLM-AF") were the defendants which the company is not a party. The result of the court hearing allowed the defendant to take another six months to review the information and submit a complaint about the SCC's claims by December 6, 2020. The court requires all economics experts to agree on how to calculate overcharge and share data. By submitting a report to the court by December 6, 2020, the court will then arrange for the next hearing.

For the case that the Company was the defendant had been suspended for the outcome of the main case. The law firm assessed that the Company should consider the possibility of the compromise negotiation between those airlines with low market share and the defendant airlines of the main case since the Company was only the carrier according to the price agreement, which the Company had low market share in such routes.

As at June 30, 2021, the management of the Company considered such disputes and litigation as described in Notes 27.1 to 27.4 based on the facts and the laws that the impacts of such matters will not significantly affect to the financial statements.

28. RECLASSIFICATIONS

Certain reclassifications have been made in the financial statements for the six-month period ended June 30, 2020 and for the year ended December 31, 2020, 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				
Accrued income	Trade and other current payables	Trade and other current receivables	506	-
Statements of profit or loss and other comprehensive income				
Mail revenue	Mail revenue	Freight and mail revenue	134	134
Revenue from sales and rendering services - Other business	Other income	Revenue from sales and rendering services - Other business	171	171
Deferred charge - Right of use asset	Finance cost	Depreciation and amortization	171	171

29. EVENT AFTER THE REPORTING PERIOD

On July 8, 2021, the Plan Administrators's meeting No. 5/2021 passed the resolution to approve the decrease of registered share capital of Baht 26,989,009,500 to Baht 21,827,719,170 by writing-off the unissued and unsold share of 516,129,033 shares as stipulated in the rehabilitation plan. The Company submitted a petition to the Central Bankruptcy Court for requesting the Central Bankruptcy Court's approval to the Plan Administrators to decrease the Company's registered share capital and processed the registration with the Department of Business Development, Ministry of Commerce.

30. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial information were approved by the Plan Administrators on August 13, 2021.