

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE PLANNERS

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Thai Airways International Public Company (the “Company”) which comprise the consolidated and separate statements of financial position as at December 31, 2020, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated and separate financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements.

Basis for Disclaimer of Opinion

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

1. Lack of financial liquidity and debt default

As disclosed in Note 1 to the financial statements regarding the financial position of the Group and the Company, as at December 31, 2020, the Group had significant current liabilities in excess of current assets by Baht 281,845 million and had capital deficiency of Baht 128,665 million in the consolidated financial statements, and the Company had current liabilities in excess of current assets by Baht 278,878 million and had capital deficiency of Baht 127,236 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 inability to pay liabilities when due, which consisted of trade account payables, short-term borrowings, long-term borrowings, debentures and lease liabilities. The ability to repay outstanding liabilities due within one year is depended on the creditors’ approval of the rehabilitation plan and the successful implementation of the rehabilitation plan.

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

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

3. Entering into the rehabilitation process

As disclosed in Note 5 to the 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. Currently, the Company is under rehabilitation plan and the Planners is in the process of preparing the rehabilitation plan for approval from the creditors. However, the Planners made the request to the Central Bankruptcy Court for the extension of the submission the rehabilitation plan which the Central Bankruptcy Court issued an order approving the final extension to be within March 2, 2021. The Company’s business plan, including flight plan and the ability to continue as a going concern depends on several internal and external factors, economic condition and aviation industry, including the creditors’ approval of the rehabilitation plan as well as the successful implementation of the rehabilitation plan and the Company’s ability to continue to operate the business.

The aforementioned conditions disclosed in No.1 to No.3. have impact on and are inter-related reflecting in the material uncertainty to the ability to continue as going concern of the Company which may affect valuation of significant assets and liabilities in the consolidated and separate financial statements for the year ended December 31, 2020.

Emphasis of Matter

We draw attention to Note 2.6 to the financial statements that the Group has adopted the Group of Financial Instruments Standards and Thai Financial Reporting Standard No. 16 “Leases” which became effective for fiscal years beginning on or after January 1, 2020. The Group elected to recognize the cumulative effect of initially applying such Standards as an adjustment to the beginning balances of retained earnings and other components of shareholders’ equity of the reporting period. In addition, the Group elected to adopt the Accounting Treatment Guidance on the temporary relief measures for additional accounting alternatives to alleviate the impact of the COVID-19 outbreak issued by the Federation of Accounting Professions. However, such matters did not affect our disclaimer of opinion.

Other Matters

The consolidated statement of financial position of Thai Airways International Public Company Limited and its subsidiaries and the separate statement of financial position of Thai Airways International Public Company Limited as at December 31, 2019 (before reclassification as disclosed in Note 36 to the financial statements), presented herein as comparative information, were audited by another auditor, whose report on the consolidated and the Company’s separate financial statements for the year ended December 31, 2019 dated February 28, 2020 expressed an unmodified opinion on those statements with an emphasis of matter paragraph relating to the corrections of insignificant errors of prior periods, the adoption of the new Thai Financial Reporting Standards, corporate transformation plans for the year 2019, liquidity management, and transferring the legal reserve and share premium amount to compensate the deficits.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards (“TFRSs”), and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with Thai Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

BANGKOK
February 24, 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 DECEMBER 31, 2020

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7.1	8,673,722,750	21,663,207,227	7,960,503,517	20,873,087,866
Current investments		-	38,836	-	-
Trade and other current receivables	6, 8	5,569,577,535	17,464,388,352	9,451,970,868	22,895,792,720
Inventories and supplies	9	4,241,134,448	4,696,671,103	4,213,271,229	4,655,962,418
Current tax assets		201,895,995	558,002,652	201,882,897	558,002,652
Other current assets		265,919,016	1,270,432,660	530,955,175	1,252,836,766
Non-current assets classified as held for sale	10	792,846,134	22,854,424	163,734,283	22,854,424
Total Current Assets		19,745,095,878	45,675,595,254	22,522,317,969	50,258,536,846
NON-CURRENT ASSETS					
Other non-current financial assets		4,236,732,139	-	4,231,208,497	-
Investments in associates	11.1	909,946,301	2,100,845,364	419,334,000	1,234,106,581
Investments in subsidiaries	11.2	-	-	10,209,920	1,810,209,913
Other long-term investments		-	64,064,849	-	60,830,049
Non-current receivable under lease agreements	6	-	-	4,631,398,222	-
Property, plant and equipment	12	42,127,357,923	171,911,639,703	42,093,144,508	171,878,407,333
Right-of-use assets	13	116,822,249,908	-	110,920,641,441	-
Intangible assets	14	274,432,026	283,631,296	222,298,705	213,437,758
Deferred tax assets	15	6,069,727,161	7,685,759,756	6,056,018,128	7,669,940,881
Maintenance reserves	16	14,120,597,124	13,004,318,189	14,120,597,124	12,956,242,174
Other non-current assets	17	4,484,776,937	14,082,318,414	4,261,399,368	13,940,673,280
Total Non-Current Assets		189,045,819,519	209,132,577,571	186,966,249,913	209,763,847,969
TOTAL ASSETS		208,790,915,397	254,808,172,825	209,488,567,882	260,022,384,815

Notes to the financial statements form an integral part of these statements

.....
(Mr.Chansin Treenuchagron)
Acting President,
Acting on behalf of the Planner of the Company

.....
(Mr.Chai Eamsiri)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2020

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from financial institutions	7.3, 18.1	3,729,636,949	-	3,729,636,949	-
Trade and other current payables	20	51,337,523,732	26,270,296,608	51,396,375,948	25,188,406,838
Deferred revenue	21	16,157,609,346	29,689,159,127	15,917,523,991	28,994,168,036
Current portion of long-term liabilities					
Long-term borrowings from financial institutions	7.3, 18.2	8,511,346,154	3,768,076,923	8,511,346,154	3,768,076,923
Long-term borrowings from related parties	6.2, 7.3	14,895,615,294	1,624,674,694	14,895,615,294	1,624,674,694
Liabilities under aircraft leases	19	-	7,253,020,000	-	7,253,020,000
Leases liabilities	7.3, 19	123,796,110,048	-	123,787,169,909	-
Debentures	7.3, 18.3	71,608,000,000	9,085,000,000	71,608,000,000	9,085,000,000
Short-term borrowings from related parties	6.2, 7.3	11,260,725,630	3,500,000,000	11,260,725,630	3,500,000,000
Coporate income tax payable		12,813	1,132,559	-	-
Accrued dividends		54,420,926	57,038,694	54,237,326	54,260,694
Other current liabilities		239,293,514	510,653,254	239,257,261	505,507,418
Total Current Liabilities		301,590,294,406	81,759,051,859	301,399,888,462	79,973,114,603
NON-CURRENT LIABILITIES					
Long-term liabilities					
Long-term borrowings from financial institutions	7.3, 18.2	-	5,105,288,461	-	5,105,288,461
Long-term borrowings from related parties	6.2, 7.3	-	12,790,068,847	-	12,790,068,847
Liabilities under aircraft leases	19	-	39,202,993,339	-	39,202,993,339
Leases liabilities	7.3, 19	5,235,159	-	-	-
Debentures	7.3, 18.3	-	65,023,000,000	-	65,023,000,000
Staff pension fund	22	1,963,280,618	3,673,750,892	1,963,280,618	3,673,750,892
Non-current provisions for employee benefit	23	15,316,156,975	17,197,470,123	15,241,643,847	17,081,056,227
Other non-current provisions	24	18,454,442,656	18,155,947,044	16,028,286,283	16,212,969,711
Other non-current liabilities		126,368,564	134,896,971	2,091,204,230	1,792,937,467
Total Non-Current Liabilities		35,865,483,972	161,283,415,677	35,324,414,978	160,882,064,944
TOTAL LIABILITIES		337,455,778,378	243,042,467,536	336,724,303,440	240,855,179,547

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2020

UNIT : BAHT

Notes	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
Authorized share capital				
2,698.90 million ordinary shares 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 of Baht 10 each	21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Share premium on ordinary shares	1,862,979,154	1,862,979,154	1,862,979,154	1,862,979,154
DEFICIT				
Unappropriated (deficit)	(161,898,334,024)	(19,383,394,191)	(160,389,548,126)	(11,875,509,973)
Other components of shareholders' equity	9,465,142,956	7,352,018,112	9,463,114,244	7,352,016,917
Total shareholders' equity arributable				
to owners of the Company (capital deficiency)	(128,742,492,744)	11,659,322,245	(127,235,735,558)	19,167,205,268
Non-controlling interests	77,629,763	106,383,044	-	-
TOTAL SHAREHOLDERS' EQUITY				
(CAPITAL DEFICIENCY)	(128,664,862,981)	11,765,705,289	(127,235,735,558)	19,167,205,268
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	208,790,915,397	254,808,172,825	209,488,567,882	260,022,384,815

Notes to the financial statements form an integral part of these 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 YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		2020	2019	2020	2019
Revenues	31.1, 31.2				
Revenues from sales or services	25				
Passenger and excess baggage		34,162,870,829	149,044,250,701	30,830,752,880	141,391,907,930
Freight and mail		6,892,792,058	17,783,341,709	6,874,005,517	17,786,225,643
Other business		6,660,792,421	14,214,449,444	7,838,973,989	15,957,289,009
Total revenues from sales or rendering of services		47,716,455,308	181,042,041,854	45,543,732,386	175,135,422,582
Other income					
Interest income		120,142,758	196,131,554	116,904,033	190,044,539
Net foreign exchange gain		-	4,439,258,477	-	4,583,991,027
Gain on changes in ownership interest		205,606,044	273,177,862	-	-
Other income - others		594,658,938	3,003,838,936	677,257,205	3,293,767,492
Total other income		920,407,740	7,912,406,829	794,161,238	8,067,803,058
Total Revenues		48,636,863,048	188,954,448,683	46,337,893,624	183,203,225,640
Expenses					
Aircraft fuel expenses		12,386,470,504	54,675,194,646	11,163,696,763	50,804,826,722
Employee benefits expenses		20,545,806,773	31,171,648,957	19,966,548,821	30,384,503,955
Flight service expenses		6,726,875,952	21,058,256,685	6,185,871,454	19,419,619,264
Crew expenses		1,552,405,251	6,241,614,091	1,263,023,740	5,708,279,804
Aircraft repair and maintenance costs		7,872,278,019	19,321,533,731	5,679,687,580	17,167,401,670
Depreciation and amortization expenses		27,704,277,826	17,327,587,865	26,420,465,970	17,301,466,116
Lease of aircraft and spare parts		218,838,293	14,489,007,667	2,013,211,778	19,846,453,982
Inventories and supplies expenses		2,111,050,175	9,100,798,414	1,944,917,890	8,516,974,673
Selling and advertising expenses		1,952,068,751	10,637,026,412	1,458,276,264	9,861,433,383
Impairment loss on aircrafts, right-of-use assets and rotatable aircraft spare	26	82,702,523,715	633,915,384	82,702,523,715	633,915,384
Net foreign exchange loss		894,693,377	-	948,184,877	-
Impairment loss on investment in subsidiary and associate	11	-	-	1,975,553,600	-
Other expenses		5,873,592,962	10,668,496,728	5,627,863,407	10,028,679,448
Total Expenses		170,540,881,598	195,325,080,580	167,349,825,859	189,673,554,401
Loss from operating activities		(121,904,018,550)	(6,370,631,897)	(121,011,932,235)	(6,470,328,761)
Finance costs		12,193,849,066	4,440,770,542	11,909,511,581	4,440,770,542
Impairment loss determined in accordance with TFRS 9	27	261,088,704	-	7,939,242,471	-
Share of loss of associates using the equity method		511,502,758	223,202,616	-	-
Hedging loss for hedge of group of items with offsetting risk positions	33.2, 33.3	5,226,749,217	-	5,226,749,217	-
Loss before income tax expense		(140,097,208,295)	(11,034,605,055)	(146,087,435,504)	(10,911,099,303)
Income tax expense	28	(1,082,689,203)	(981,865,522)	(1,080,933,219)	(964,410,670)
LOSS FOR THE YEARS		(141,179,897,498)	(12,016,470,577)	(147,168,368,723)	(11,875,509,973)

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Acting on behalf of the Planner of the Company

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Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will be reclassified to profit or loss					
Gains (losses) on cash flow hedges		(3,767,359,414)	1,475,326,008	(3,767,359,414)	1,475,326,008
Income tax relating to gains on cash flow hedges		163,825,627	(295,065,202)	163,825,627	(295,065,202)
Total components of other comprehensive income that will be reclassified to profit or loss		<u>(3,603,533,787)</u>	<u>1,180,260,806</u>	<u>(3,603,533,787)</u>	<u>1,180,260,806</u>
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on revaluation of assets		3,451,354,141	-	3,451,354,141	-
Income tax relating to revaluation of assets		(690,270,828)	-	(690,270,828)	-
Gains (losses) on investment in equity designated at fair value through other comprehensive income		1,659,600	572	(367,961)	-
Income tax related to investment in equity designated at fair value through other comprehensive income		(44)	(115)	-	-
Actuarial gains on employee benefit obligations		35,693,488	12,555,059	32,721,669	-
Income tax related to actuarial gains on employee benefit obligations		(7,138,698)	(2,511,012)	(6,544,334)	-
Share of other comprehensive income of associates using the equity method		158,789	23,413,058	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss		<u>2,791,456,448</u>	<u>33,457,562</u>	<u>2,786,892,687</u>	<u>-</u>
Other comprehensive income (loss) for the years - net of tax		<u>(812,077,339)</u>	<u>1,213,718,368</u>	<u>(816,641,100)</u>	<u>1,180,260,806</u>
Total comprehensive loss for the years		<u>(141,991,974,837)</u>	<u>(10,802,752,209)</u>	<u>(147,985,009,823)</u>	<u>(10,695,249,167)</u>
Profit (loss) attributable to					
Owners of the parent		(141,170,736,793)	(12,042,405,969)	(147,168,368,723)	(11,875,509,973)
Non-controlling interests		(9,160,705)	25,935,392	-	-
		<u>(141,179,897,498)</u>	<u>(12,016,470,577)</u>	<u>(147,168,368,723)</u>	<u>(11,875,509,973)</u>
Total comprehensive income (loss) attributable to					
Owners of the parent		(141,983,883,986)	(10,829,192,946)	(147,985,009,823)	(10,695,249,167)
Non-controlling interests		(8,090,851)	26,440,737	-	-
		<u>(141,991,974,837)</u>	<u>(10,802,752,209)</u>	<u>(147,985,009,823)</u>	<u>(10,695,249,167)</u>
Losses per share					
Number of ordinary shares (shares)		2,182,771,917	2,182,771,917	2,182,771,917	2,182,771,917
Basic losses per share (Baht per share)		(64.68)	(5.51)	(67.42)	(5.44)

Notes to the financial statements form an integral part of these statements

.....
(Mr.Chansin Treenuchagron)
Acting President,
Acting on behalf of the Planner of the Company

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(Mr.Chai Eamsiri)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

Notes	Consolidated financial statements											
	Issued and Paid-up Share Capital	Share premium on Ordinary Shares	Retained Earnings (deficit)		Owners of the Company				Total Owners of the Company	Non-controlling Interests	Total Shareholders' Equity	
			Appropriated Legal reserve	Unappropriated	Other Components of shareholders' equity			Total other components of shareholders' equity				
					Gain (loss) on cash flow hedges - net of tax	Gain on revaluation of assets - net of tax	Gains (losses) on investment in equity designated at fair value through other comprehensive income					
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(33,747,558,600)	(524,958,301)	6,696,714,412	738	6,171,756,849	22,488,509,295	127,290,009	22,615,799,304	
Changes in Shareholders' Equity												
Transfer of legal reserve and premium on ordinary shares to offset deficit	30	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-	
Dividends paid		-	-	-	-	-	-	-	-	(47,250,006)	(47,250,006)	
Dividends paid to cumulative preferred shares		-	-	-	-	-	-	-	-	(91,800)	(91,800)	
Change in ownership interest in subsidiary		-	-	-	5,896	-	-	-	5,896	(5,896)	-	
Total comprehensive income (loss) for the year		-	-	-	(12,009,454,209)	1,180,260,806	-	457	1,180,261,263	(10,829,192,946)	(10,802,752,209)	
Balance as at December 31, 2019		21,827,719,170	1,862,979,154	-	(19,383,394,191)	655,302,505	6,696,714,412	1,195	7,352,018,112	11,659,322,245	106,383,044	11,765,705,289
Balance as at January 1, 2020 - as under previous Thai Financial Reporting Standards		21,827,719,170	1,862,979,154	-	(19,383,394,191)	655,302,505	6,696,714,412	1,195	7,352,018,112	11,659,322,245	106,383,044	11,765,705,289
Effect from adoption of Thai Financial Reporting Standard No.9	2.6.1	-	-	-	(1,371,846,765)	2,948,231,282	-	5,684,480	2,953,915,762	1,582,068,997	-	1,582,068,997
Balance as at January 1, 2020 - as under new Thai Financial Reporting Standards		21,827,719,170	1,862,979,154	-	(20,755,240,956)	3,603,533,787	6,696,714,412	5,685,675	10,305,933,874	13,241,391,242	106,383,044	13,347,774,286
Changes in Shareholders' Equity												
Dividends paid		-	-	-	-	-	-	-	-	(20,570,630)	(20,570,630)	
Dividends paid to cumulative preferred shares		-	-	-	-	-	-	-	-	(91,800)	(91,800)	
Total comprehensive income (loss) for the year		-	-	-	(141,143,093,068)	(3,603,533,787)	2,761,083,313	1,659,556	(840,790,918)	(141,983,883,986)	(141,991,974,837)	
Balance as at December 31, 2020		21,827,719,170	1,862,979,154	-	(161,898,334,024)	-	9,457,797,725	7,345,231	9,465,142,956	(128,742,492,744)	77,629,763	(128,664,862,981)

Notes to the financial statements form an integral part of these statements

.....
(Mr.Chansin Treenuchagron)
Acting President,
Acting on behalf of the Planner of the Company

.....
(Mr.Chai Eamsiri)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

Notes	Issued and Paid-up Share Capital	Share premium on Ordinary Shares	Retained Earnings (deficit)		Other Components of shareholders' equity				Total Shareholders' Equity
			Appropriated Legal reserve	Unappropriated	Other Comprehensive income (loss)			Total other components of shareholders' equity	
					Gain (loss) on cash flow hedges - net of tax	Gain on revaluation of assets - net of tax	Gains (losses) on investment in equity designated at fair value through other comprehensive income		
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(26,373,612,722)	(524,958,301)	6,696,714,412	-	6,171,756,111	29,862,454,435
Changes in Shareholders' Equity									
Transfer of legal reserve and premium on ordinary shares to offset deficit	30	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-
Total comprehensive income (loss) for the year		-	-	(11,875,509,973)	1,180,260,806	-	-	1,180,260,806	(10,695,249,167)
Balance as at December 31, 2019	21,827,719,170	1,862,979,154	-	(11,875,509,973)	655,302,505	6,696,714,412	-	7,352,016,917	19,167,205,268
Balance as at January 1, 2020 - as under previous Thai Financial Reporting Standards	21,827,719,170	1,862,979,154	-	(11,875,509,973)	655,302,505	6,696,714,412	-	7,352,016,917	19,167,205,268
Effect from adoption of Thai Financial Reporting Standard No.9	2.6.1	-	-	(1,371,846,765)	2,948,231,282	-	5,684,480	2,953,915,762	1,582,068,997
Balance as at January 1, 2020 - as under new Thai Financial Reporting Standards	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 year		-	-	(147,142,191,388)	(3,603,533,787)	2,761,083,313	(367,961)	(842,818,435)	(147,985,009,823)
Balance as at December 31, 2020	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)

Notes to the financial statements form an integral part of these statements

.....
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Acting President,
Acting on behalf of the Planner of the Company

.....
(Mr.Chai Eamsiri)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the years		(141,179,897,498)	(12,016,470,577)	(147,168,368,723)	(11,875,509,973)
Adjustment to reconcile profit and loss					
Income tax expense		1,082,689,203	981,865,522	1,080,933,219	964,410,670
Depreciation and amortization expense		27,704,277,826	17,327,587,865	26,420,465,970	17,301,466,116
Dividend received		(906,376)	(1,175,176)	(203,499,032)	(331,770,051)
Share of loss of associates using the equity method		511,502,758	223,202,616	-	-
Gain on changes in ownership interest		(205,606,044)	(273,177,862)	-	-
Interest income		(120,142,758)	(196,131,554)	(116,904,033)	(190,044,539)
Finance costs		12,193,849,066	4,440,770,542	11,909,511,581	4,440,770,542
(Gain) loss on disposal of fixed assets		(124,055)	28,553,283	(110,223)	28,301,441
Gain on financial asset designated at fair value through profit or loss		(559,791,515)	-	-	-
Unrealized (gain) loss on foreign exchange rates		637,670,561	(2,249,819,331)	427,240,001	(2,746,447,074)
Pension fund expense	22	126,706,175	165,991,406	126,706,175	165,991,406
Employee benefits expense	23	1,440,282,567	4,027,607,906	1,194,836,154	3,978,488,176
Long-term aircraft maintenance expense		2,188,093,842	4,959,601,540	2,018,915,853	4,959,601,540
Loss on inventories and supplies obsolescence		280,560,793	156,872,401	280,560,793	156,872,401
Impairment loss on investment		-	-	1,975,918,706	-
Credit loss on financial assets (include bad debt and doubtful expense)	27	261,088,704	62,279,324	7,939,242,471	62,552,289
Impairment loss on aircrafts, right-of-use assets and rotatable aircraft spare parts	26	82,702,523,715	633,915,384	82,702,523,715	633,915,384
Profit (loss) from operating before changes in operating assets and liabilities		(12,937,223,036)	18,271,473,289	(11,412,027,373)	17,548,598,328
Operating assets decrease (increase)					
Trade and other current receivables		10,232,029,319	2,218,423,450	5,145,739,939	4,317,984,359
Lease receivables		-	-	1,718,354,165	-
Inventories and supplies		174,975,862	93,474,023	162,130,396	88,823,320
Other current assets		723,102,513	(658,724,753)	721,881,590	(658,986,897)
Maintenance reserves		(1,345,302,454)	(23,047,549)	(1,393,378,469)	38,478,976
Other non-current financial assets		253,163,415	-	253,163,415	-
Other non-current assets		5,083,208,493	669,707,422	5,147,272,081	662,434,426
Operating liabilities increase (decrease)					
Trade and other current payables		3,741,139,479	(4,130,424,290)	5,061,855,135	(6,202,153,096)
Deferred revenues		(13,531,534,668)	1,224,621,863	(13,076,628,933)	1,461,648,338
Other current liabilities		(258,255,151)	(301,579,406)	(253,145,567)	(304,350,490)
Staff pension fund		(367,435,135)	(317,236,165)	(367,435,135)	(317,236,165)
Employee benefit paid		(724,781,161)	(393,003,719)	(705,705,325)	(390,693,719)
Other non-current provisions		(2,410,647,231)	(3,396,892,272)	(2,410,647,231)	(2,877,992,006)
Other non-current liabilities		305,737,480	414,953,611	308,533,012	436,793,274
Net cash provided by (used in) operations		(11,061,822,275)	13,671,745,504	(11,100,038,300)	13,803,348,648
Income tax paid		(215,803,624)	(629,873,798)	(201,882,897)	(558,002,652)
Income tax refunded		1,463,164,678	531,529,340	1,463,164,678	531,529,340
Net cash flows provided by (used in) operating activities		(9,814,461,221)	13,573,401,046	(9,838,756,519)	13,776,875,336
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for purchase of fixed assets		(446,599,833)	(3,341,873,211)	(436,221,588)	(3,335,828,471)
Cash paid for purchase of intangible assets		(6,105,367)	(96,368,764)	(6,090,700)	(82,749,447)
Cash received from sales of fixed assets and assets classified as held for sale		3,248,357	1,247,634,194	3,167,329	1,247,634,194
Interest received		236,572,824	190,212,811	233,334,099	183,984,011
Dividend received		177,769,158	273,432,051	203,499,032	331,770,051
Cash received from sales of investments		-	1,135,302	-	1,385,002
Net cash flows used in investing activities		(35,114,861)	(1,725,827,617)	(2,311,828)	(1,653,804,660)

(Mr.Chansin Treenuchagron)

Acting President,

Acting on behalf of the Planner of the Company

(Mr.Chai Eamsiri)

Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from short-term borrowings from financial institutions	7.3	4,000,000,000	5,000,000,000	4,000,000,000	5,000,000,000
Cash paid for short-term borrowings from financial institutions	7.3	(270,363,051)	(7,000,000,000)	(270,363,051)	(7,000,000,000)
Cash received from short-term borrowings from related parties	7.3	15,500,000,000	16,500,000,000	15,500,000,000	16,500,000,000
Cash paid for short-term borrowings from related parties	7.3	(7,739,274,370)	(14,000,000,000)	(7,739,274,370)	(14,000,000,000)
Cash received from long-term borrowings from financial institutions	7.3	-	5,000,000,000	-	5,000,000,000
Cash paid for long-term borrowings from financial institution	7.3	(362,019,231)	(3,485,096,154)	(362,019,231)	(3,485,096,154)
Cash paid for long-term borrowings from related parties	7.3	(725,022,629)	(1,592,573,937)	(725,022,629)	(1,592,573,937)
Cash paid for lease liabilities	7.3	(6,810,200,741)	(9,411,722,751)	(6,795,549,253)	(9,411,722,751)
Cash received from debentures	7.3	-	18,788,000,000	-	18,788,000,000
Cash paid for repayment of debentures	7.3	(2,500,000,000)	(9,530,000,000)	(2,500,000,000)	(9,530,000,000)
Interest paid		(4,361,593,304)	(3,949,060,488)	(4,361,593,304)	(3,949,060,488)
Dividend paid		(23,367)	(143,287)	(23,367)	(143,287)
Dividend of subsidiary paid to non-controlling interests		(23,195,625)	(44,716,800)	-	-
Net cash flows used in financing activities		(3,291,692,318)	(3,725,313,417)	(3,253,845,205)	(3,680,596,617)
Net (decrease) increase in cash and cash equivalents before effect of exchange rate		(13,141,268,400)	8,122,260,012	(13,094,913,552)	8,442,474,059
Effect of exchange rate changes on cash and cash equivalents		156,875,617	(150,901,509)	187,420,897	(92,746,810)
Effects of changes in credit loss on cash and cash equivalents		(5,091,694)	-	(5,091,694)	-
Cash and cash equivalents at beginning of the years	7.1	21,663,207,227	13,691,848,724	20,873,087,866	12,523,360,617
Cash and cash equivalents at ending of the years	7.1	8,673,722,750	21,663,207,227	7,960,503,517	20,873,087,866

Notes to the financial statements form an integral part of these statements

.....
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Acting President,
Acting on behalf of the Planner of the Company

.....
(Mr.Chai Eamsiri)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. GENERAL INFORMATION AND OPERATIONS

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

As at December 31, 2020, the Company’s major shareholder and ultimate parent company is the Ministry of Finance by holding 47.86% of the Company’s issued and paid-up shares. On May 22, 2020, the Ministry of Finance reduced its shareholding percentage from 51.03% to 47.86% of the Company’s issued and paid-up shares. Therefore, after the reduction of shareholding percentage held by the Ministry of Finance, the Company ceased to be a state enterprise under the relevant laws.

The Company’s principal activities are the operation of airline business and business units which related directly with transportation. As at December 31, 2020, the Company had the routes network servicing to 58 destinations in 30 countries all over the world, whereas 2 destinations were domestic (excluding Bangkok). Thai Smile Airways Company Limited, a subsidiary, had the routes network servicing to 14 destinations in 6 countries, whereas 10 were domestic (excluding Bangkok).

As at December 31, 2020, the Company and its subsidiaries (the “Group”) had significant current liabilities in excess of current assets by Baht 281,845 million and had capital deficiency of Baht 128,665 million in the consolidated financial statements, and the Company had current liabilities in excess of current assets by Baht 278,878 million and had capital deficiency of Baht 127,236 million in the separate financial statements. The Group and the Company had loss from operations since year 2013 which resulted in the Group and the Company having a capital deficiency and lack of financial liquidity.

In addition, the Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries, especially aviation industry. Since March 23, 2020 and March 25, 2020, Thai Smile Airways Company Limited, a subsidiary, and the Company has suspended domestic and international flights, respectively. However, Thai Smile Airways Company Limited resumed certain domestic flight services in June 2020 and reviewed the frequency of flight services to increase or decrease the number of flights to be corresponding with the demand, including launching new domestic routes. In August 2020, the Company resumed certain international flight services, including chartered flights, but has not yet operated as normal. However, the Company and its subsidiaries are assessing the situations to resume the flight operations and will resume the commercial flight operations when the situation permit as a result of preventive measures to control the spread of pandemic COVID-19 by the government in each country.

The Company’s management has closely monitored the progress of such situation and assessed the impact on business operations and financial impact on the valuation of assets and liabilities.

On May 26, 2020, the Company submitted a petition to enter into a business rehabilitation process and propose the rehabilitation planner (the “Planner”) to the Central Bankruptcy Court. On May 27, 2020, the Central Bankruptcy Court accepted the business rehabilitation petition for further consideration (see Note 5). As a result, the Company is under the automatic stay provisions status under the Bankruptcy Act B.E. 2483. Such situation may affect to the Company having to maintain automatic stay status and unable to repaid debt, which is considered as debt payment default conditions. Therefore, the Company recorded the default interest at the rate of 2.30% to 23.00% per annum according to the terms of each contract, which consisted of loan agreements, debentures, finance leases, and aircraft operating leases. In addition, such events may affect assets and liabilities recorded as at December 31, 2020. However, the Company’s management believes that the preparation of the financial statements on a going concern basis is still appropriate because the Company is in the process of rehabilitation and has prepared the rehabilitation plan for approval from the creditors. In the meantime, the Company is able to continue its necessary activities for operation as usual in order to enable the Company to continue as a going concern for at least 12 months from the date in the statements of financial position. However, the financial position and the Company’s ability to continue as going concern depends on several factors of business management, including the creditors’ approval of the rehabilitation plan as well as the successful implementation of the rehabilitation plan and the Company’s ability to operate the business.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Group maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

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 Group’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2020 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statement (No.3) B.E. 2562” dated December 26, 2019.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).

2.4 The consolidated and separate statements of financial position for the year ended December 31, 2019 (before reclassification), presented herein for comparison, have been derived from the consolidated and separate financial statements of the Group and the Company for the year then ended which have audited by another auditor.

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

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

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

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

- Group of Financial Instruments Standards (see Note 2.6.1)
- Thai Financial Reporting Standards No. 16 "Leases" ("TFRS 16") (see Note 2.6.2)
- Accounting Treatment Guidance (see Note 2.6.3)

2.6.1 Group of Financial Instruments Standards

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

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

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

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

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

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

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

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

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

Former finance leases

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

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

Financial impact of the initial application of TFRS 16

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

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

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

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

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

2.6.3 Accounting Treatment Guidance

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

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

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

The Group has not adopted such accounting treatment guidance in the preparation of the financial statements for the year ended December 31, 2020.

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

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

The Group has elected to apply the following temporary relief measures:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the reduction, with any differences then recognized in profit or loss.

2.7 Amendment of Thai Financial Reporting Standard No.16 “Leases”

TFRS 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 TFRS 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 periods beginning on or after January 1, 2022 with earlier application permitted. This revised TFRS 16 has been announced in the Royal Gazette on January 27, 2021.

The Group’s management will adopt this interest rate benchmark reform when it becomes effective. The Group’s management is in the process of assessing the impact of interest rate benchmark on the financial statements in the period of initial application.

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

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

Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting consisted of the revised definitions and recognition criteria of asset and liability as well as new guidance on measurement, derecognition of asset and liability, presentation and disclosure. In addition, this Conceptual Framework for Financial Reporting clearly clarifies management's stewardship of the entity's economic resources, prudence, and measurement uncertainty of financial information.

Definition of Business

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

Definition of Materiality

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

The Interest Rate Reform

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of the consolidation financial statements

The consolidated financial statements comprise the Company and its subsidiaries' financial statements and the Group's interest in associates.

Transactions eliminated on the consolidation financial statements

Significant intra-group balances and transactions have been eliminated in the preparation of the consolidated financial statements. The consolidated financial statements for the years ended December 31, 2020 and 2019 were prepared by using the financial statements of its subsidiaries and associates as of the same date.

3.2 Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized as profit or loss in statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, all deposits at financial institutions with the original maturities of three months or less and highly liquid short-term investments, excluding cash at banks used as collateral.

3.4 Trade and other current receivables

a) Policies applicable prior to January 1, 2020

Trade receivables and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

b) Policies applicable from January 1, 2020

Trade receivables and other receivables are stated at their invoice value less allowance for expected credit losses.

The allowance for expected credit losses ("ECL") has disclosed in Note 3.8.

3.5 Inventories and supplies

Inventories and supplies consisting of aircraft spare parts, aircraft fuel, cabin and catering supplies, inventories for sales as well as stationery and office supplies, are presented at the lower of moving average cost and net realizable value, and inventories in transit are presented at cost on the purchase date.

- 1) Active aircraft spare parts are recognized the provision for obsolescence at 10% of the ending balance of aircraft spare parts.
- 2) Slow moving aircraft spare parts and spare parts for sales are spare parts not moving over two years or spare parts for aircraft not existed in the fleet. Allowance for obsolescence is recognized at 33.33% of its cost until fully devaluated.
- 3) Allowance for obsolete and damaged inventories are recognized at the full amount.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

3.6 Non-current assets held for sale

Non-current assets and disposal asset groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Gains or losses on sale of assets are recognized as other income or expense by the date of the sale of assets.

Non-current assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.7 Current investment, investments held as available-for-sale and other investments

- a) Policies applicable prior to January 1, 2020

Current investment

Current investment consisting of deposit at banks, having a maturity exceeding 3 months but less than 12 months, is presented at cost and is not used as collateral.

Other long-term investments

Other long-term investments are non-marketable equity securities which are stated at cost less allowance for impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as profit or loss in the statement of other comprehensive income.

If the Group disposes of a partial of its holding investment, the deemed cost of the disposed investment and holding investment is determined using the weighted-average method applied to the carrying value of the total holding of the investment.

- b) Policies applicable from January 1, 2020 were disclosed in Note 3.8.

3.8 Financial instruments

Policies applicable from January 1, 2020

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost;

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset;

- The Group may irrevocable elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met conditions of (2) below;

1) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized in profit or loss and is included in the “Interest income” line item.

2) Equity instruments designated as at fair value through other comprehensive income (“FVTOCI”)

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be classified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with TFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “Other income” line item in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of TFRS 9 (see Note 2.6.1).

3) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see 1) to 2) above) are measured at FVTPL. Specifically;

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called “accounting mismatch”) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item. Fair value is determined in the manner described in Note 33.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(1) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(2) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date. The Group understands the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with TFRS 16 "Leases".

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized as an expense in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between; (1) the carrying amount of the liability before the modification; and (2) the present value of cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements;

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationships; and
- The hedged ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the “Other gain or loss ” line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

3.9 Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

An associate is an entity which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognized immediately as profit or loss in the statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as asset held-for-sale.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss for the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest in the statement of profit or loss and other comprehensive income if that gain or loss would be reclassified to profit or loss upon the disposal of the related assets or liabilities.

When a group entity transacts with an associate, profits and losses resulting from such transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as profit or loss in the statement of comprehensive income.

If the Group disposes of a partial of its holding investment, the deemed cost of the sold investment is determined using the weighted-average method applied to the carrying value of the total holding of the investment.

3.10 Property, plant and equipment

Recognition and measurement

Land are presented at a revalued amount using market approach method. The revaluation was done by the independent appraiser. The revaluation shall be made every five years or considered if there is any changes that affect the fair value of land significantly. The revaluation surplus is recognized in other comprehensive income. Any decrease in revaluation is recognized directly against prior appraisal price for the particular asset. The residual decrement in appraisal is recognized as other operating expense. Upon disposal, any remaining related revaluation surplus of the land is transferred directly to retained earnings and is not taken into account in calculating the profit or loss on disposal.

Building, building improvement, leasehold buildings under land lease agreement, aircraft and aircraft overhaul costs (D-check), aircraft under leases agreement, aircraft improvement, rotatable aircraft's spare parts including machine, engine and passenger seat, tools and plant and equipment are measured at cost less accumulated depreciation and allowance for impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost also includes the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately by major components.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net as profit or loss in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized as an expense in statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount of plant and equipment, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged as an expense to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings, building improvement and building under land lease agreement	10 - 30 years
Aircraft	20 years
Aircraft under lease agreement	20 years
Aircraft overhaul	4 - 7 years
Aircraft improvement	5 - 20 years
Rotable aircraft's spare part	5 - 20 years
Tools, plant and equipment	5 - 20 years

The Group do not depreciate land.

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

3.11 Intangible assets

Intangible assets are computer software that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and allowance for impairment losses, if any.

Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, from the date that they are available for use. The estimated useful lives are 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

3.12 Impairment of non-financial asset

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized as an expense in the statement of profit or loss and other comprehensive income unless it reverses a previous revaluation credited to equity and it subsequently impairs in which case it is charged to statement of profit or loss and other comprehensive income.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the higher of the asset's value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications of impairment the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized.

3.13 Provision

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value based on salary, mortality rate, service period and other factors. The discount rate used in determining post-employment benefit obligation is the yield of the government bond.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the statement of comprehensive income on a straight-line basis until the benefits become vested. To the extent that the benefits is vested, the expense is recognized immediately in the statement of and comprehensive income.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in the statement of profit or loss and comprehensive income.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is assessed by an independent actuary and based on actuarial assumption using projected unit credit method to determine present value of cash flow of employee benefit to be paid in the future. Any actuarial gains and losses are recognized as profit or loss in the statement of profit or loss and other comprehensive income in the period which they incur.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted cash flow basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.15 Revenue recognition

3.15.1 Passenger and excess baggage revenue

Income from air ticket sales and service orders is recorded as unearned transportation revenue and recognized as revenue when the passenger redeem the air ticket with the company. For passengers who redeem the services with other airlines, the Company recognizes revenue by the difference between the selling price charged by the Company and the amount billed to the Company by those performing airline.

Unused tickets sales are recognized as revenue by percentage estimation of unused ticket from statistics and historical data and recorded the deviation of estimation after 15 months from the ticket issuing date.

Loyalty program

The Company has operated a Royal Orchid Plus (“ROP”) frequent flyer program since year 1993 that provide travel awards to program member based on accumulated mileage to exchange accumulated mileage air ticket or other awards as specified condition. The Company calculates fair value of frequent flyer miles by average stand-alone selling price of air ticket redemption and fair value of other awards redemption, then weight by overall redemption. The Company recognizes the frequent flyer miles by the redemption estimation and deducts the revenue from passenger and excess baggage together with the unearned transportation revenue and recognizes as the revenue from award redemption when the program member utilizes air ticket and service provide by the Company. For the breakage of ROP member will be recognized as revenue by the percentage breakage of the unredeemed calculated from the historical data and the Company’s award redemption policy.

The fair value of air ticket award redemption is calculated from the average fare prize in each route divided by the number of miles redeemed for awards in that route then weighted by each route redemption. Fair value of other awards redemption is calculated from the selling price divided by the average number of miles redeemed for other awards as a value per mile of the Royal Orchid Plus.

3.15.2 Freight and mail revenue

Freight and mail revenue is recognized as revenue when the Company issues its Air Waybill and provides the freight and mail services. For freight carry by other air carriers will recognize the revenue by the difference between selling price and the contract amount charged by other carrier when the service is provided. The Air Waybill issues by the Company and operate by other carrier is recognized as revenue when the other carrier provide the services.

3.15.3 Revenue from other business units

Revenue from maintenance service is recognized as revenue over time of the services are provided. Revenue from ground and equipment service and warehouse service are recognized when services are provided. Revenue from catering service and supporting activities such as Duty free sale on board and THAI shop are recognized when the Company transfer the control of goods to the customer or delivers goods to the customer, excludes value-added tax. Revenue from dispatch services are recognized when services are provided.

3.15.4 Dividend income

Dividend received is recognized on the date the Group’s right to receive the dividend.

3.15.5 Interest income and other income

Interest income and other income are recognized in the statement of comprehensive income on an accrual basis.

3.16 Expense recognition

Expenses are recognized on an accrual basis.

3.17 Finance costs

Finance costs consist of interest expense on borrowings and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of comprehensive income using the effective interest method.

3.18 Leases

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

a) Policies applicable from January 1, 2020

The Group as lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group as lessor

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

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

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

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

b) Policies applicable prior to January 1, 2020

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

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

3.19 Income tax expense

Income tax expense for the year comprises current income tax and deferred tax. Current income tax and deferred tax are recognized as income or expenses in the statement of comprehensive income except to the extent that they relate to a business combination, or items recognized directly in equity or other comprehensive income.

Current income tax is the expected tax payable or receivable derived from a computation of profit or loss using tax rates enacted and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized by calculated the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill in the consolidated financial statement; the initial recognition of assets or liabilities in a transaction in the consolidated financial statement that is not a business combination and that affects neither accounting nor taxable profit or loss; and the differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current income tax and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period when such a determination is made.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company and its subsidiaries intend to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company recognizes deferred tax liabilities for all taxable temporary differences in the consolidated and separate financial statements.

3.20 Loss per share

The calculations of basic loss per share for the year are based on the loss for the year attributable to equity holders divided by the weighted-average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted loss per share for the year are based on the weighted-average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

3.21 Fair value measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4. JUDGEMENTS ON ACCOUNTING ESTIMATION AND KEY SOURCE OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with TFRS requires the Group's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

The interpretation of judgements on critical accounting estimation and significant risky assumptions which may cause future adjustment to assets and liabilities outstanding balances are as follows:

4.1 Aircraft and right-of-use asset and rotatable aircraft's spare part impairment

At the end of each reporting period, the Group's aircraft, right-of-use asset and rotatable aircraft spare part are tested for impairment when there is an indicator that the asset may be impaired. The Group and Company recognize impairment loss when recoverable amount of asset is lower than carrying amount whereas, recoverable amount is the higher of fair value less cost to sale of asset or value in use.

The independent appraiser assesses fair value less cost to sale by desktop appraisal method which is assessed from information and maintenance record, including appraiser database. In case there is no damage record, the aircraft is assumed to be in the good condition and meet the maintenance standard. The appraiser also considers the market condition and buying and selling record within 12 months, including other factors such as the aircraft usage period and the significant tools element for assessing its fair value.

The value in use of asset is calculated from expected future cash inflow using weighted average cost of capital as discount rate to present value.

The source of assumption using in the calculation consists of flight plan, estimated cost and related expenses. Such estimates are based on management's reasonable consideration of current events, which require management to exercise their judgement to reflect the best estimate at that time to forecast the future result. Accordingly, actual results may differ from this estimate.

4.2 Recognition of deferred tax assets associated with tax losses carried forward

The Group recognizes deferred tax assets for deductible temporary differences and unused tax losses when it is probable that the Group and the Company have sufficient future taxable profits to utilize the temporary differences and unused tax losses. For this purpose, the management is required to estimate the deferred tax assets that the Group should recognize, by considering the expected future taxable profits in each period.

The source of expected future taxable profit is an estimated future cash inflow which is calculated from flight plan, expected cost and operating expense. Such estimates are based on management's reasonable consideration of current events, the actual result may differ from this estimate.

4.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 23.

4.4 Allowance for obsolete and slow-moving inventories

The Group has provided allowance for obsolete and slow-moving inventories based on management's best estimate on net realizable value considering obsolete, damaged, or deteriorated inventories and analyzing the inventories aging at the end of each reporting period.

4.5 Incremental borrowing rate using for discount lease liability - The Group as the lessee

The Group could not readily determine the interest rate implicit in the lease. Therefore, the management is required to exercise judgement in estimating its incremental borrowing rate (“IBR”) to discount lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

4.6 Fair value appraisal of land

The Group’s fair value of land is appraised by an independent appraiser using Market Approach.

The source of key assumptions used in the valuation are consisted of yield rate, inflation rate, estimate incremental rental rate and occupancy rate, as well as other parameters such as the duration of leases.

5. REHABILITATION PLANS

The coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve throughout all regions around the world. Each country escalate an infection prevention and controls over the pandemic of COVID-19 virus by strictly measures and prohibited cross-border travel. Accordingly, the Company suspended domestic and international flights from March 25, 2020 which had significant impact to revenue of the Company.

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

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

On September 14, 2020, the Central Bankruptcy Court granted the Company's business rehabilitation petition and appointed the Planners as nominated by the Company.

Subsequently, the Official Receiver has announced the Court Order of the Company's business rehabilitation petition and appointed the Planners in the Royal Gazette on October 2, 2020. Currently, the Planners is in process of preparing the rehabilitation plan. The Central Bankruptcy approved the Planners to propose the last submission of rehabilitation plan to the Official Receiver within March 2, 2021. Then, the Official Receiver will call a creditors' meeting to consider the Company's rehabilitation plan and further submit to the Central Bankruptcy Court to approve the rehabilitation plan.

6. RELATED PARTIES TRANSACTIONS

Related person or 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.

Relationships with related parties other than subsidiaries and associates as at December 31, 2020 were as follows:

	Name of entities	Type of business	Country of incorporation/ nationality	Nature of relationships
1.	Ministry of Finance	Regulate the country's monetary policy	Thailand	Major shareholders
2.	Government Savings Bank	Commercial Bank	Thailand	Common shareholders
3.	Krungthai Bank Co., Ltd.	Commercial Bank	Thailand	Common shareholders
4.	Export-Import Bank of Thailand	Commercial Bank	Thailand	Common shareholders
5.	Islamic Bank of Thailand	Commercial Bank	Thailand	Common shareholders

6.1 Significant transactions with related parties for the years ended December 31, were as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2020	2019	2020	2019
Major shareholder				
Sales and rendering of services	3	8	3	8
Purchases of goods and receiving of services	10	99	10	99
Interest expenses	1,689	311	1,689	311
Subsidiaries				
Sales and rendering of services	-	-	5,057	9,412
Purchases of goods and receiving of services	-	-	3,052	8,132
Dividend received	-	-	26	58
Associates				
Sales and rendering of services	233	177	233	177
Purchases of goods and receiving of services	232	516	232	516
Dividend received	177	272	177	272
Director and managements remuneration				
Short-term management remuneration	32	72	26	66
Directors' remuneration	9	17	8	15
Post-employment benefit	2	1	2	1

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.

6.2 Balances as at December 31, with related parties are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2020	2019	2020	2019
Trade and other current receivables				
Subsidiaries	-	-	10,263	7,115
Associates	-	56	-	56
Total	<u>-</u>	<u>56</u>	<u>10,263</u>	<u>7,171</u>

Trade and other current receivables presented balances before deducted expected credit loss as at December 31, (see Note 8).

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current receivable under finance lease agreements (see Note 8)				
Subsidiary	-	-	1,201	-
Total	-	-	1,201	-
Non-current receivable under finance lease agreements				
Subsidiary	-	-	4,631	-
Total	-	-	4,631	-
Trade and other current payables (see Note 20)				
Subsidiaries	-	-	142	1
Associates	45	2	45	2
Total	45	2	187	3
Short-term borrowings from related parties				
Related parties	11,261	3,500	11,261	3,500
Total	11,261	3,500	11,261	3,500

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

During the year ended December 31, 2020, the Company had additional short-term borrowings from related parties of Baht 15,500 million and repaid the principal of Baht 7,739 million.

Long-term borrowings from related parties as at December 31, consist of:

	Unit : Million Baht	
	Consolidated and separate financial statements	
	2020	2019
Long-term borrowings from related parties		
From foreign financial institution through major shareholder	12,497	11,978
From domestic financial institutions controlled by the major shareholder	2,399	2,437
Total	14,896	14,415

Details of long-term borrowings from related parties as at December 31, are as follows:

	Interest rate % per annum	Consolidated and separate financial statements		Unit : Million Baht	
		Repayment date		Amount	
		2020	2019	2020	2019
Long-term borrowings from related parties					
Current portion					
From foreign financial institution through major shareholder ⁽¹⁾	2.31	at call	July 15, 2020	12,497	1,090
From domestic financial institution controlled by the major shareholder ⁽²⁾	1.92	at call	June 30, 2020	399	235
From domestic financial institution controlled by the major shareholder ⁽³⁾	1.83	at call	April 30, 2020	2,000	300
				<u>14,896</u>	<u>1,625</u>
Due over one year					
From foreign financial institution through major shareholder ⁽¹⁾	2.31	-	July 15, 2030	-	10,888
From domestic financial institution controlled by the major shareholder ⁽²⁾	1.92	-	December 31, 2021	-	202
From domestic financial institution controlled by the major shareholder ⁽³⁾	1.83	-	January 17, 2025	-	1,700
				<u>-</u>	<u>12,790</u>
Total				<u>14,896</u>	<u>14,415</u>

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

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

⁽²⁾ Borrowings from domestic financial institution controlled by the major shareholder was the borrowings in Yen currency, having the requirement to register the aircraft (A330-300, 2 aircrafts) as business collateral, with the total credit of Yen 4,200 million as a repayment collateral (see Note 12). According to the business rehabilitation process, the Company is unable to pay interest and principal to the lender which caused the default of payment. As a result, the lender has the right to call for immediate repayment of the entire amount. Therefore, the Company classified long-term borrowings as current-liabilities due within one year.

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

During the year ended December 31, 2020, the Company made repayment of long-term borrowings from related parties of Baht 725 million and no additional long-term borrowings from related parties was made.

6.3 Significant agreements with related parties

Aircraft leases

The Company entered into A320-200 aircraft sublease agreements with Thai Smile Airways Company Limited with lease period of 3 - 12 years, totaling 20 aircrafts, consisted of 15 aircrafts which were under operating lease agreements with monthly lease payment and 5 aircrafts which were under finance lease agreements with quarterly lease payment. As a result of sublease agreements, the Company had current finance lease receivables (recognized as trade and other current receivables) and finance lease non-current receivable in the separate financial statements as at December 31, 2020 of Baht 1,201 million and Baht 4,631 million, respectively.

	Unit : Million Baht
Minimum lease payments Consolidated and Separate financial statements	2020
Amounts receivable under finance leases:	
Year 1	1,501
Year 2-5	4,721
Year 5 Onwards	155
Undiscounted lease payments	6,377
<u>Less unearned finance income</u>	(545)
Net investment in the lease	5,832
 Undiscounted lease payments analyzed as:	
Recoverable within 12 months	1,501
Recoverable after 12 months	4,876
	6,377
 Net investment in the lease analyzed as:	
Recoverable within 12 months	1,201
Recoverable after 12 months	4,631
	5,832

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 12 and 35.4).

7. ADDITIONAL CASH FLOWS INFORMATION

7.1 Cash and Cash Equivalents

Cash and cash equivalents as at December 31, consist of:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2020	2019	2020	2019
Cash on hand - Domestic	13	13	10	10
Cash on hand - Foreign	4	18	4	18
Cash at banks - Domestic	6,222	12,561	5,532	12,032
Cash at banks - Foreign	2,440	9,071	2,420	8,813
Total cash and cash equivalents	8,679	21,663	7,966	20,873
Less Loss allowance	(5)	-	(5)	-
Total cash and cash equivalents	8,674	21,663	7,961	20,873

7.2 Non-cash items for the years ended December 31, are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2020	2019	2020	2019
Payable for purchase of assets	707	129	707	129
Lease payables	7,282	-	7,282	-
Offsetting deposits and other payables	1,587	-	1,587	-
Reclassify accrued employee benefits	3,766	-	3,766	-
Right-of-use assets ⁽¹⁾	191,382	-	191,360	-
Lease liabilities ⁽¹⁾	94,318	-	94,296	-
Estimated expenses after contract expiration ⁽¹⁾	178	-	178	-
Prepaid expenses ⁽¹⁾	590	-	590	-
Reclassified asset held under finance lease ⁽¹⁾	96,296	-	96,296	-

⁽¹⁾ List of the impact of non-cash items as at January 1, 2020, from the initial adoption of TFRS 16 (see Note 2.6.2).

7.3 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 December 31, 2020	Consolidated financial statements					Balance as at December 31, 2020
	Balance as at January 1, 2020	Cash flows from financing activities	Exchange rate	Changes from non-cash items Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	
Short-term borrowings from financial institutions	-	3,730	-	-	-	3,730
Short-term borrowings from related parties	3,500	7,761	-	-	-	11,261
Long-term borrowings from financial institutions	8,873	(362)	-	-	-	8,511
Long-term borrowings from related parties	14,415	(725)	1,206	-	-	14,896
Lease liabilities	-	(6,810)	(1,297)	140,774	(8,866)	123,801
Debentures	74,108	(2,500)	-	-	-	71,608
Total	100,896	1,094	(91)	140,774	(8,866)	233,807

⁽¹⁾ Financial impact as at January 1, 2020 from the initial adoption of TFRS 16 (see Note 2.6.2)

⁽²⁾ Remeasurement of variable rates of lease agreements and reclassification of lease payables (see Note 19)

As at December 31, 2019	Consolidated financial statements					Unit : Million Baht
	Balance as at January 1, 2019	Cash flows from financing activities	Changes from Exchange rate	non-cash items Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	Balance as at December 31, 2019
Short-term borrowings from financial institutions	2,000	(2,000)	-	-	-	-
Short-term borrowings from related parties	1,000	2,500	-	-	-	3,500
Long-term borrowings from financial institutions	7,358	1,515	-	-	-	8,873
Long-term borrowings from related parties	17,086	(1,593)	(1,078)	-	-	14,415
Lease liabilities	58,982	(9,412)	(3,114)	-	-	46,456
Debentures	64,850	9,258	-	-	-	74,108
Total	151,276	268	(4,192)	-	-	147,352

As at December 31, 2020	Separate financial statements					Unit : Million Baht
	Balance as at January 1, 2020	Cash flows from financing activities	Changes from Exchange rate	non-cash items Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	Balance as at December 31, 2020
Short-term borrowings from financial institutions	-	3,730	-	-	-	3,730
Short-term borrowings from related parties	3,500	7,761	-	-	-	11,261
Long-term borrowings from financial institutions	8,873	(362)	-	-	-	8,511
Long-term borrowings from related parties	14,415	(725)	1,206	-	-	14,896
Lease liabilities	-	(6,796)	(1,297)	140,752	(8,872)	123,787
Debentures	74,108	(2,500)	-	-	-	71,608
Total	100,896	1,108	(91)	140,752	(8,872)	233,793

As at December 31, 2019	Separate financial statements					Unit : Million Baht
	Balance as at January 1, 2019	Cash flows from financing activities	Changes from Exchange rate	non-cash items Effect from TFRS 16 ⁽¹⁾	Others ⁽²⁾	Balance as at December 31, 2019
Short-term borrowings from financial institutions	2,000	(2,000)	-	-	-	-
Short-term borrowings from related parties	1,000	2,500	-	-	-	3,500
Long-term borrowings from financial institutions	7,358	1,515	-	-	-	8,873
Long-term borrowings from related parties	17,086	(1,593)	(1,078)	-	-	14,415
Lease liabilities	58,982	(9,412)	(3,114)	-	-	46,456
Debentures	64,850	9,258	-	-	-	74,108
Total	151,276	268	(4,192)	-	-	147,352

⁽¹⁾ Financial impact as at January 1, 2020 from the initial adoption of TFRS 16 (see Note 2.6.2)

⁽²⁾ Remeasurement of variable rates of lease agreements and reclassification of lease payables (see Note 19)

8. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, are as follows:

	Consolidated		Unit : Million Baht Separate	
	financial statements 2020	financial statements 2019	financial statements 2020	financial statements 2019
Trade receivables				
Related parties (see Note 6.2)	-	56	1,467	1,967
Other parties	4,156	10,460	3,828	9,240
<u>Less</u> Loss allowance	(1,553)	(1,278)	(2,896)	(1,248)
Total trade receivables	<u>2,603</u>	<u>9,238</u>	<u>2,399</u>	<u>9,959</u>
Other receivables				
Related parties (see Note 6.2)	-	-	8,796	5,204
Other parties	1,476	3,610	1,010	2,876
<u>Less</u> Loss allowance	(188)	(255)	(6,487)	(255)
Total other receivables	<u>1,288</u>	<u>3,355</u>	<u>3,319</u>	<u>7,825</u>
	<u>3,891</u>	<u>12,593</u>	<u>5,718</u>	<u>17,784</u>
Current receivable under finance lease agreement (see Note 6.2)	-	-	1,201	-
Accrued income	1,084	2,008	1,795	2,031
Receivable - the Revenue Department	-	905	-	905
Prepaid expenses and deposits	595	1,958	738	2,176
Total	<u>5,570</u>	<u>17,464</u>	<u>9,452</u>	<u>22,896</u>

As at December 31, 2020, the Company recognized expected credit loss on trade receivables and other current receivables of Baht 2,896 million and Baht 6,487 million, respectively, in the separate financial statements because of the expected credit loss in accordance with TFRS 9, most of them were expected credit loss of receivables of Thai Smile Airways Company Limited, a subsidiary, of Baht 7,678 million and other receivables of Baht 1,705 million.

Aging analysis for trade receivables as at December 31, consisted of the following:

	Consolidated		Unit : Million Baht Separate	
	financial statements 2020	financial statements 2019	financial statements 2020	financial statements 2019
Related parties				
Within credit terms	-	1	85	728
Overdue:				
Less than 6 months	-	13	110	845
6 - 12 months	-	-	717	352
1 - 2 years	-	5	555	5
Over 2 years	-	37	-	37
	-	56	1,467	1,967
<u>Less</u> Loss allowance	-	(41)	(1,379)	(41)
	-	15	88	1,926
Other parties				
Within credit terms	1,518	5,551	1,332	5,551
Overdue:				
Less than 6 months	758	3,210	680	2,314
6 - 12 months	387	439	353	125
1 - 2 years	249	229	248	223
Over 2 years	1,244	1,031	1,215	1,027
	4,156	10,460	3,828	9,240
<u>Less</u> Loss allowance	(1,553)	(1,237)	(1,517)	(1,207)
	<u>2,603</u>	<u>9,223</u>	<u>2,311</u>	<u>8,033</u>
Total	<u>2,603</u>	<u>9,238</u>	<u>2,399</u>	<u>9,959</u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The Group has recognized a loss allowance of 100% against all receivables past due because historical experience has indicated that these receivables are generally not recoverable.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in TFRS 9.

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Balance as at January 1, 2020	1,233	1,203
Net remeasurement of loss allowance	422	1,795
Amounts recovered	(102)	(102)
Balance as at December 31, 2020	<u>1,553</u>	<u>2,896</u>

9. INVENTORIES

Inventories as at December 31, consist of the following:

	Consolidated		Unit : Million Baht Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Aircraft spare parts	3,221	3,247	3,221	3,247
Slow moving aircraft spare parts and held for sale	4,884	4,922	4,884	4,922
Vehicle spare parts and ground support equipment	318	327	318	327
Fuel and oil for aircraft	37	163	37	163
Inventories for sales	205	259	200	253
Cabin and catering supplies	202	192	186	164
Supplies and other consumables	22	25	21	24
Inventories and spare parts for flight simulator and other supplies	109	100	103	94
Inventories and spare parts in transit	47	51	47	51
Obsolete and damaged inventories for disposal	99	36	99	36
Total inventories and supplies	<u>9,144</u>	<u>9,322</u>	<u>9,116</u>	<u>9,281</u>
<u>Less</u> Allowance for diminution in value of inventories	<u>(4,903)</u>	<u>(4,625)</u>	<u>(4,903)</u>	<u>(4,625)</u>
Total inventories and supplies - net	<u>4,241</u>	<u>4,697</u>	<u>4,213</u>	<u>4,656</u>

For the years ended December 31, 2020 and 2019 the Company recognized allowance for diminution in value of inventories in the consolidated and separate statements of profit or loss and other comprehensive income, consist of the following:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2020	2019	2020	2019
Loss on inventory diminution	278	154	278	154

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets classified as held for sale as at December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2020	2019	2020	2019
Aircrafts	33	163	33	163
Investment in equity security (see Note 11.1)	708	-	79	-
<u>Less</u> (Allowance for impairment) reversal	51	(140)	51	(140)
Total	<u>792</u>	<u>23</u>	<u>163</u>	<u>23</u>

During the year ended December 31, 2020, the Company transferred an aircraft B737-400 from non-performing asset to be non-current asset classified as held for sale in the amount of Baht 10 million, because there is possibility to complete the sales plan within 1 year from the date of signing the sale-purchase agreement (see Note 17).

During the years ended December 31, 2020 and 2019, the Company recognized the reversal of impairment loss on non-current asset classified as held for sale in the amount of Baht 51 million and recognized the impairment loss in the amount of Baht 140 million, respectively, in the statements of profit or loss and other comprehensive income (see Note 26).

11. INVESTMENTS

11.1 Investments in associates

Investments in associates as at December 31, and dividends received from those investments for the years then ended which are recorded by equity method for consolidated financial statements are as follows:

Associates	Country of incorporation	Nature of business	Percentage of shareholding		Paid up capital		Consolidated financial statements				Separate financial statements		Dividend income	
			2020	2019	2020	2019	Equity method		Cost method		Cost method - net		2020	2019
			2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Donmuang International Airport Hotel Company Limited	Thailand	Hotel business	40.00	40.00	120	120	88	101	48	48	48	48	-	24
Bangkok Aviation Fuel Services Public Company Limited ⁽¹⁾	Thailand	Fuel service in the airport	7.06	22.59	637	637	322	1,272	36	115	36	115	147	197
Phuket Air Catering Company Limited	Thailand	Produce food and provide products for airlines	30.00	30.00	100	100	191	229	30	30	30	30	30	51
Suvarnabhumi Airport Hotel Company Limited	Thailand	Hotel business	30.00	30.00	1,018	1,018	309	312	305	305	305	305	-	-
Nok Airlines Public Company Limited ⁽²⁾	Thailand	Air transportation services	-	15.94	3,729	3,109	-	187	-	736	-	736	-	-
Total							910	2,101	419	1,234	419	1,234	177	272

⁽¹⁾ As at December 31, 2020 and 2019, fair value of investment in Bangkok Aviation Fuel Services Public Company Limited were Baht 3,427 million and Baht 4,319 million, respectively. As at December 23, 2020, the Planners passed the resolution to sale investment in Bangkok Aviation Fuel Services Public Company Limited (“BAFS”) in amount of 98,983,125 shares, equaled to 15.53% of paid-up share capital in the amount of Baht 27.40 per share, totaling Baht 2,712 million. The Company had signed for share purchase agreement as at December 29, 2020. As a result, as at December 31, 2020, the Company reclassified such 15.53% of investments to be non-current asset classified as held for sale in the consolidated and separate financial statements in the amount of Baht 708 million (by equity method as at year end) and Baht 79 million, respectively (see Note 10). The Company had already transferred those shares on January 19, 2021. As at December 31, 2020, the Company has proportion of investment in BAFS totaling 7.06% as an investment in associate.

⁽²⁾ In February 2020, Nok Airlines Public Company Limited offered new ordinary shares 888,147,358 shares at the par value of Baht 1 per share, at the offering price of Baht 2.50 per share. However, the Company did not subscribe to the newly ordinary shares that caused decreasing the Company’s shareholding percentage from 15.94% as at December 31, 2019 to 13.28% as at December 31, 2020. Nok Airlines Public Company Limited received net cash after deduction of expenses from such offering of 620,670,967 shares in the amount of Baht 1,548 million and registered its capital increased on February 18, 2020.

Due to the impact of COVID-19 pandemic had affected to the airline business including the performance of Nok Airlines Public Company Limited and the entering into the rehabilitation process under the Central Bankruptcy Court. Such situations indicated the impairment indicator in the investment of Nok Airlines Public Company Limited. The Company considered to record an allowance for the impairment of such investment. As a result, the Company’s investment in Nok Airlines Public Company Limited as at November 4, 2020 was equaled to Baht 278 million.

On November 4, 2020, Nok Airlines Public Company Limited had entered into rehabilitation process. The Central Bankruptcy Court had ordered to rehabilitate the business and appoint the Planners. So, the rights and duties of the executive directors in Nok Airlines Public Company Limited were ended, resulting the Company lost significant influence over Nok Airlines Public Company Limited. As a result, the Company has reclassified such investment in associate to be others long-term investments under other non-current financial asset as at December 31, 2020 with fair value amount of Baht 560 million and recognized net of allowance of impairment loss on investment in amount of Baht 176 million in the separate statements of profit or loss and other comprehensive income.

11.2 Investments in subsidiaries

Investments in subsidiaries recognized by cost method in the separate financial statements and dividend received for the years ended December 31, are as follows:

Unit : Million Baht

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

⁽¹⁾ During the year ended December 31, 2020, the Company had assessed the performance of Thai Smile Airways Company Limited as at December 31, 2020 which had capital deficiency in the amount of Baht 10,234 million and considered the impact of the COVID-19 pandemic to airline business and loss from its operation. There was the impairment indicator in investment in Thai Smile Airways Company Limited. The Company considered the recoverable amount of such investment was less than net carrying amount. Therefore, the Company recognized an allowance for impairment loss of such investment for whole amount.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, consisted of the following:

As at December 31, 2020	Consolidated financial statements					Balance
	Balance as at January 1, 2020	Consequence From initial apply to TFRS 16 (see Note 2.6.2)	Increase	Decrease	Transfer in/ (out)	as at December 31, 2020
Unit : Million Baht						
Cost						
Lands	9,035	-	3,589	-	-	12,624
Buildings	2,125	-	-	-	441	2,566
Building improvement	4,783	-	72	-	501	5,356
Building under land lease agreement	10,809	-	-	(10)	(1,931)	8,868
Aircrafts	156,827	-	47	(194)	6,794	163,474
Aircraft improvement	5,940	-	-	-	8,784	14,724
Rotable aircraft's spare parts	36,616	-	428	(76)	995	37,963
Aircraft under lease agreements	150,154	(134,474)	-	-	(15,680)	-
Tools, plant and equipment	31,547	-	373	(1)	(292)	31,627
Total cost	407,836	(134,474)	4,509	(281)	(388)	277,202
Accumulated depreciation						
Buildings	(2,097)	-	(4)	-	(446)	(2,547)
Building improvement	(4,625)	-	(79)	-	(86)	(4,790)
Building under land lease agreement	(6,939)	-	(215)	10	1,533	(5,611)
Aircrafts	(117,348)	-	(5,457)	194	(3,689)	(126,300)
Aircraft improvement	(1,941)	-	(541)	-	(8,111)	(10,593)
Rotable aircraft's spare parts	(24,152)	-	(1,370)	56	3	(25,463)
Aircraft under lease agreements	(49,577)	38,178	(753)	-	12,152	-
Tools, plant and equipment	(28,694)	-	(734)	1	329	(29,098)
Total accumulated depreciation	(235,373)	38,178	(9,153)	261	1,685	(204,402)
Construction in process	333	-	56	-	(206)	183
Less Allowance for impairment	(884)	-	(29,972)	-	-	(30,856)
Total property, plant and equipment	171,912					42,127

Unit : Million Baht

As at December 31, 2019	Consolidated financial statements				Balance as at December 31, 2019
	Balance as at January 1, 2019	Increase	Decrease	Transfer in/(out)	
Cost					
Lands	9,035	-	-	-	9,035
Buildings	2,119	6	-	-	2,125
Building improvement	4,777	88	(12)	(70)	4,783
Building under land lease agreement	10,809	-	-	-	10,809
Aircrafts	156,850	391	(507)	93	156,827
Aircraft improvement	5,941	-	-	(1)	5,940
Rotable aircraft's spare parts	35,917	1,556	(650)	(207)	36,616
Aircraft under lease agreements	150,276	562	(681)	(3)	150,154
Tools, plant and equipment	31,206	772	(21)	(410)	31,547
Total cost	406,930	3,375	(1,871)	(598)	407,836
Accumulated depreciation					
Buildings	(2,086)	(11)	-	-	(2,097)
Building improvement	(4,634)	(73)	12	70	(4,625)
Building under land lease agreement	(6,710)	(229)	-	-	(6,939)
Aircrafts	(110,904)	(6,952)	508	-	(117,348)
Aircraft improvement	(1,401)	(540)	-	-	(1,941)
Rotable aircraft's spare parts	(23,381)	(1,311)	478	62	(24,152)
Aircraft under lease agreements	(42,535)	(7,723)	681	-	(49,577)
Tools, plant and equipment	(28,514)	(735)	20	535	(28,694)
Total accumulated depreciation	(220,165)	(17,574)	1,699	667	(235,373)
Construction in process	341	222	(12)	(218)	333
<u>Less</u> Allowance for impairment	(827)	(57)	-	-	(884)
Total property, plant and equipment	186,279				171,912

Depreciation for the years ended December 31,

2020	Million Baht	9,153
2019	Million Baht	17,574

As at December 31, 2020	Separate financial statements				Unit : Million Baht	
	Balance as at January 1, 2020	Consequence from initial apply to TFRS 16 (see Note 2.6.2)	Increase	Decrease	Transfer in/ (out)	Balance as at December 31, 2020
Cost						
Lands	9,035	-	3,589	-	-	12,624
Buildings	2,125	-	-	-	441	2,566
Building improvement	4,742	-	72	-	500	5,314
Building under land lease agreement	10,809	-	-	(10)	(1,931)	8,868
Aircrafts	156,827	-	47	(194)	6,794	163,474
Aircraft improvement	5,940	-	-	-	8,784	14,724
Rotable aircraft's spare parts	36,616	-	428	(76)	995	37,963
Aircraft under lease agreements	150,154	(134,474)	-	-	(15,680)	-
Tools, plant and equipment	31,440	-	372	(1)	(292)	31,519
Total cost	407,688	(134,474)	4,508	(281)	(389)	277,052
Accumulated depreciation						
Buildings	(2,097)	-	(4)	-	(446)	(2,547)
Building improvement	(4,595)	-	(79)	-	(86)	(4,760)
Building under land lease agreement	(6,939)	-	(215)	10	1,533	(5,611)
Aircrafts	(117,349)	-	(5,457)	194	(3,688)	(126,300)
Aircraft improvement	(1,941)	-	(541)	-	(8,110)	(10,592)
Rotable aircraft's spare parts	(24,153)	-	(1,370)	56	3	(25,464)
Aircraft under lease agreements	(49,577)	38,178	(753)	-	12,152	-
Tools, plant and equipment	(28,608)	-	(725)	1	329	(29,003)
Total accumulated depreciation	(235,259)	38,178	(9,144)	261	1,687	(204,277)
Construction in process	333	-	47	-	(206)	174
<u>Less</u> Allowance for impairment	(884)	-	(29,972)	-	-	(30,856)
Total property, plant and equipment	171,878					42,093

As at December 31, 2019	Separate financial statements				Balance as at December 31, 2019
	Balance as at January 1, 2019	Increased	Decrease	Transfer in/ (out)	
Unit : Million Baht					
Cost					
Lands	9,035	-	-	-	9,035
Buildings	2,119	6	-	-	2,125
Building improvement	4,747	77	(12)	(70)	4,742
Building under land lease agreement	10,809	-	-	-	10,809
Aircrafts	156,850	391	(507)	93	156,827
Aircraft improvement	5,941	-	-	(1)	5,940
Rotable aircraft's spare parts	35,917	1,556	(650)	(207)	36,616
Aircraft under lease agreements	150,276	562	(681)	(3)	150,154
Tools, plant and equipment	31,103	766	(17)	(412)	31,440
Total cost	406,797	3,358	(1,867)	(600)	407,688
Accumulated depreciation					
Buildings	(2,086)	(11)	-	-	(2,097)
Building improvement	(4,611)	(66)	12	70	(4,595)
Building under land lease agreement	(6,710)	(229)	-	-	(6,939)
Aircrafts	(110,904)	(6,952)	507	-	(117,349)
Aircraft improvement	(1,401)	(540)	-	-	(1,941)
Rotable aircraft's spare parts	(23,381)	(1,311)	477	62	(24,153)
Aircraft under lease agreements	(42,535)	(7,723)	681	-	(49,577)
Tools, plant and equipment	(28,430)	(729)	17	534	(28,608)
Total accumulated depreciation	(220,058)	(17,561)	1,694	666	(235,259)
Construction in process	328	222	-	(217)	333
<u>Less</u> Allowance for impairment	<u>(827)</u>	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>(884)</u>
Total property, plant and equipment	186,240				171,878
Depreciation for the years ended December 31,					
2020				Million Baht	9,144
2019				Million Baht	17,561

As at December 31, 2020 and 2019, the Company had 103 aircrafts represented in the Company's fleet, which consisted of 33 own aircrafts and 70 aircrafts under lease agreements. As at December 31, 2020 there were 70 aircrafts under lease agreements presented as right-of-use assets (see Note 13).

As at December 31, 2020 and 2019, there were 33 aircrafts represented in the Company's fleet, consisting of 2 own aircrafts with the net book value of Baht 3,903 million and Baht 4,437 million, respectively, were pledged as business collateral (see Note 6.2) and 31 aircrafts under finance lease with the net book value of Baht 90 million and Baht 99 million, respectively were pledged as collateral for Asset-based Financing. The ownership of these aircrafts under finance lease will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term. During the year ended December 31, 2020, the Company was transferred 1 aircraft under the conditions of the finance lease in the amount of Baht 1,954 million presented as the Company's own aircraft.

As at December 31, 2020 and 2019, 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 3,243 million and Baht 3,857 million, respectively, with a lease term of 30 years starting from September 28, 2006 to September 27, 2036 and will renew the contract period for 4 years from September 28, 2036 to September 27, 2040. At the end of contract, the ownership of the buildings and their component parts will be transferred to the Ministry of Finance. Moreover, the Company had building on leased land which are leased from Airports of Thailand Public Company Limited at Don Mueang Airport, which were fully depreciated. The lease agreement at Don Mueang Airport is currently under the negotiation with Airports of Thailand Public Company Limited (see Notes 6.3 and 35.3).

Land in Thailand and foreign country were revalued from historical cost of Baht 9,035 million to the amount of Baht 12,624 million, consisted of land in Bangkok in the amount of Baht 12,087 million, land in upcountry in the amount of Baht 370 million and land in foreign country in the amount of Baht 167 million. Land, excluding land presented under other non-current assets of Baht 101 million were appraised by the expert appraiser firms which were approved by the Securities and Exchange Commission of Thailand (SEC). The appraisal was done in September 2020 using market approach method.

During the year ended December 31, 2020, the Company recognized impairment loss in the amount of Baht 29,972 million, which consisted of impairment of 33 aircrafts in the amount of Baht 26,540 million, and impairment relating to rotatable aircraft's spare parts in the amount of Baht 3,432 million (see Note 26).

During the year ended December 31, 2019, the Company recognized impairment loss of rotatable aircraft's spare parts in the amount of Baht 57 million (see Note 26).

As at December 31, 2020 and 2019, the Group's buildings and equipment had been fully depreciated but are still in use. Net book value of these assets were in the amount of Baht 38,841 million and Baht 39,578 million, in the consolidated and separate financial statements, respectively.

13. RIGHT-OF-USE ASSETS

Right-of-use assets as at December 31, consists of the following:

Unit : Million Baht						
As at December 31, 2020	Consolidated financial statements					Balance as at December 31, 2020
	Balance as at January 1, 2020	Consequence from initial apply to TFRS 16 (see Note 2.6.2)	Increase	Decrease	Adjustment/ Transfer	
Cost						
Land and Buildings	-	8,623	71	(55)	(3)	8,636
Aircrafts	-	216,806	-	-	(1,360)	215,446
Equipment	-	168	31	(17)	-	182
Total cost	-	225,597	102	(72)	(1,363)	224,264
Accumulated depreciation						
Land and Buildings	-	-	(950)	9	-	(941)
Aircrafts	-	(36,032)	(18,396)	-	(2,383)	(56,811)
Equipment	-	-	(65)	5	-	(60)
Total accumulated depreciation	-	(36,032)	(19,411)	14	(2,383)	(57,812)
<u>Less</u> Allowance for impairment	-	-	(49,630)	-	-	(49,630)
Total Right-of-use assets	-	-	-	-	-	116,822
Depreciation for the year ended December 31, 2020					Million Baht	19,411

Unit : Million Baht						
As at December 31, 2020	Separate financial statements					Balance as at December 31, 2020
	Balance as at January 1, 2020	Consequence from initial apply to TFRS 16 (see Note 2.6.2)	Increase	Decrease	Adjustment/ Transfer	
Cost						
Land and Buildings	-	8,602	58	(54)	(3)	8,603
Aircrafts	-	209,047	-	-	(1,360)	207,687
Equipment	-	147	31	(5)	-	173
Total cost	-	217,796	89	(59)	(1,363)	216,463
Accumulated depreciation						
Land and Buildings	-	-	(940)	8	-	(932)
Aircrafts	-	(36,032)	(16,512)	-	(2,383)	(54,927)
Equipment	-	-	(54)	1	-	(53)
Total accumulated depreciation	-	(36,032)	(17,506)	9	(2,383)	(55,912)
<u>Less</u> Allowance for impairment	-	-	(49,630)	-	-	(49,630)
Total Right-of-use assets	-	-	-	-	-	110,921
Depreciation for the year ended December 31, 2020					Million Baht	17,182

During the year ended December 31, 2020, the Company recognized impairment loss on right-of-use assets for 24 aircrafts in the amount of Baht 49,630 million (see Note 26).

The maturity analysis of lease liabilities is presented in Note 19.

Revenues and expense related to lease agreements for the year ended December 31, 2020, are as follows:

	Consolidated financial statements 2020	Unit : Million Baht Separate financial statements 2020
Amounts recognized in profit or loss		
Interest expense relating to lease liabilities	2,471	2,470
Expense relating to short-term leases	24	24
Expense relating to leases of low value assets	12	1
Expense relating to variable lease payments not included in the measurement of the lease liability	12	11
Income from sub-leasing right-of-use assets	-	493

For the year ended December 31, 2020, the total cash outflow for leases amount is equaled to Baht 9,277 million.

Lease agreement of the Group are fixed lease payment in the amount of Baht 6,796 million.

14. INTANGIBLE ASSETS

Intangible assets as at December 31, are as follows:

As at December 31, 2020	Consolidated financial statements				Unit : Million Baht
	Balance as at January 1, 2020	Increase	Decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2020
Cost					
Computer software	3,607	214	-	2	3,823
Total cost	3,607	214	-	2	3,823
Accumulated amortization					
Computer software	(3,409)	(148)	-	3	(3,554)
Total accumulated amortization	(3,409)	(148)	-	3	(3,554)
Computer software under installation	86	5	-	(86)	5
Total intangible assets	284				274

As at December 31, 2019	Consolidated financial statements				Unit : Million Baht
	Balance as at January 1, 2019	Increase	Decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2019
Cost					
Computer software	3,460	148	-	(1)	3,607
Total cost	3,460	148	-	(1)	3,607
Accumulated amortization					
Computer software	(3,302)	(108)	-	1	(3,409)
Total accumulated amortization	(3,302)	(108)	-	1	(3,409)
Computer software under installation	78	8	-	-	86
Total intangible assets	236				284

Amortization for the years ended December 31,

2020

Million Baht 148

2019

Million Baht 107

As at December 31, 2020	Unit : Million Baht				
	Balance as at January 1, 2020	Separate financial statements			Balance as at December 31, 2020
		Increase	Decrease	Transfer in/ (transfer out)/ adjustment	
Cost					
Computer software	3,491	214	-	2	3,707
Total cost	3,491	214	-	2	3,707
Accumulated amortization					
Computer software	(3,363)	(130)	-	3	(3,490)
Total accumulated amortization	(3,363)	(130)	-	3	(3,490)
Computer software under installation	85	5	-	(85)	5
Total intangible assets	213				222

As at December 31, 2019	Unit : Million Baht				
	Balance as at January 1, 2019	Separate financial statements			Balance as at December 31, 2019
		Increase	Decrease	Transfer in/ (transfer out)/ adjustment	
Cost					
Computer software	3,420	72	-	(1)	3,491
Total cost	3,420	72	-	(1)	3,491
Accumulated amortization					
Computer software	(3,269)	(95)	-	1	(3,363)
Total accumulated amortization	(3,269)	(95)	-	1	(3,363)
Computer software under installation	78	7	-	-	85
Total intangible assets	229				213
Amortization for the years ended December 31,					
2020				Million Baht	130
2019				Million Baht	95

As at December 31, 2020 and 2019, the Group had intangible assets were fully amortized but are still in use. The net book value amounts before deducting accumulated amortization of those assets amounted to Baht 3,315 million in the consolidated and separate financial statements.

15. DEFERRED TAXES ASSETS

Movements of deferred tax assets and liabilities during the years were as follows:

As at December 31, 2020	Consolidated Financial statements			Unit : Million Baht
	As at January 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2020
Deferred tax assets (liabilities)				
Contribution to staff provident fund	35	(12)	-	23
Contribution to staff pension fund	105	(105)	-	-
Allowance for obsolete inventories	894	-	-	894
Allowance for doubtful accounts	297	-	-	297
Allowance for impairment of assets	2,007	(504)	-	1,503
Provision for employee benefit obligations	1,862	(460)	(7)	1,395
Effective portion of changes in fair value of cash flow hedges	(164)	-	164	-
Tax losses carryforward	4,336	-	-	4,336
Intangible asset	(19)	-	-	(19)
Surplus from revaluation of assets	(1,674)	-	(690)	(2,364)
Others	7	(2)	-	5
Deferred tax asset (liabilities)	7,686	(1,083)	(533)	6,070

As at December 31, 2019	Consolidated financial statements			Unit : Million Baht
	As at January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2019
Deferred tax assets (liabilities)				
Contribution to staff provident fund	39	(4)	-	35
Contribution to staff pension fund	168	(63)	-	105
Allowance for obsolete inventories	894	-	-	894
Allowance for doubtful accounts	297	-	-	297
Allowance for impairment of assets	2,679	(672)	-	2,007
Provision for employee benefit obligations	1,942	(77)	(3)	1,862
Effective portion of changes in fair value of cash flow hedges	131	-	(295)	(164)
Tax losses carryforward	4,336	-	-	4,336
Intangible asset	(23)	4	-	(19)
Surplus from revaluation of assets	(1,674)	-	-	(1,674)
Others	158	(151)	-	7
Deferred tax asset (liabilities)	8,947	(963)	(298)	7,686

As at December 31, 2020	Unit : Million Baht			
	As at January 1, 2020	Separate financial statements Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2020
Deferred tax assets (liabilities)				
Contribution to staff provident fund	35	(12)	-	23
Contribution to staff pension fund	105	(105)	-	-
Allowance for obsolete inventories	894	-	-	894
Allowance for doubtful accounts	293	-	-	293
Allowance for impairment of assets	2,007	(504)	-	1,503
Provision for employee benefit obligations	1,859	(460)	(7)	1,392
Effective portion of changes in fair value of cash flow hedges	(164)	-	164	-
Tax losses carryforward	4,336	-	-	4,336
Intangible asset	(21)	-	-	(21)
Surplus from revaluation of assets	(1,674)	-	(690)	(2,364)
Deferred tax asset (liabilities)	7,670	(1,081)	(533)	6,056

As at December 31, 2019	Unit : Million Baht			
	As at January 1, 2019	Separate Financial statements Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2019
Deferred tax assets/liabilities				
Contribution to staff provident fund	39	(4)	-	35
Contribution to staff pension fund	168	(63)	-	105
Allowance for obsolete inventories	894	-	-	894
Allowance for doubtful accounts	293	-	-	293
Allowance for impairment of assets	2,679	(672)	-	2,007
Estimated accrual expenses	150	(150)	-	-
Provision for employee benefit obligations	1,937	(78)	-	1,859
Effective portion of changes in fair value of cash flow hedges	131	-	(295)	(164)
Tax losses carryforward	4,336	-	-	4,336
Intangible asset	(24)	3	-	(21)
Surplus from revaluation of assets	(1,674)	-	-	(1,674)
Deferred tax asset (liabilities)	8,929	(964)	(295)	7,670

As at December 31, 2020 and 2019, the Company had deductible temporary differences and unused tax losses totaling Baht 14,031 million and Baht 2,465 million, respectively, which deferred tax assets had not been recognized as the Company considered that future taxable profits may not be sufficient to utilize of such temporary differences and unused tax losses.

Unused tax losses amount of Baht 46,082 million which will be expired during the years 2021 - 2025.

16. MAINTENANCE RESERVES

Maintenance reserves as at December 31, are as follows:

	Consolidated		Unit : Million Baht Separate	
	Financial Statements 2020	Financial Statements 2019	Financial Statements 2020	Financial Statements 2019
Maintenance reserves				
at the beginning of the year	13,004	13,538	12,956	13,552
<u>Add</u> Increased	1,432	3,658	1,432	3,677
<u>Less</u> Refund	(38)	(4,192)	(38)	(4,273)
<u>Add</u> Adjusted from exchange rate	(267)	-	(219)	-
<u>Less</u> Loss allowance	(10)	-	(10)	-
Maintenance reserves				
at the ending of the year	<u>14,121</u>	<u>13,004</u>	<u>14,121</u>	<u>12,956</u>

Maintenance reserve under lease agreement is a security deposit was collected by lessor as collateral for maintenance engines and aircrafts in accordance with flight condition and engine maintenance schedule which can be refunded when the aircraft was overhauled according to the maintenance plan under conditions specified in such agreements.

17. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, consisted of the followings:

	Consolidated		Unit : Million Baht Separate	
	Financial Statements 2020	Financial Statements 2019	Financial Statements 2020	Financial Statements 2019
Deferred expenses	66	77	-	-
Non-performing assets	370	3,650	370	3,650
Security deposits under aircraft				
lease agreement	3,270	4,793	3,270	4,793
Cash at bank for pension fund (see Note 22)	-	3,859	-	3,859
Others	782	1,703	624	1,639
<u>Less</u> Loss allowance	(3)	-	(3)	-
Total	<u>4,485</u>	<u>14,082</u>	<u>4,261</u>	<u>13,941</u>

As at December 31, 2020 and 2019, the Company had non-performing assets in the consolidated and separate financial statements in the amount of Baht 370 million and Baht 3,650 million, respectively, which presented in the net amount after deducting allowance for expected credit losses.

Movements of the non-performing asset on consolidated and separate financial statements, are as follows:

For the year ended December 31, 2020

	As at January 1, 2020	Addition	Impairment	Adjustments/ Transfer	Unit : Million Baht As at December 31, 2020
Aircraft (see Note 10)	2,921	-	(2,756)	(12)	153
Engines (flight equipment)	424	-	(395)	-	29
Land	243	-	-	(142)	101
Others assets	62	26	-	(1)	87
Total	3,650	26	(3,151)	(155)	370

For the year ended December 31, 2019

	As at January 1, 2019	Addition	Impairment	Adjustments/ Transfer	Unit : Million Baht As at December 31, 2019
Aircraft (see Note 10)	4,088	-	(241)	(926)	2,921
Engines (flight equipment)	498	-	(74)	-	424
Land	243	-	-	-	243
Others assets	62	1	-	(1)	62
Total	4,891	1	(315)	(927)	3,650

As at December 31, 2020, the Company had 12 non-performing aircrafts consisted of 1 A300-600 aircraft, 3 A340-500 aircrafts, 6 A340-600 aircrafts and 2 B737-400 aircrafts, totaling amount of Baht 2,486 million.

As at December 31, 2019, the Company had 14 non-performing aircrafts consisted of 1 A300-600 aircraft, 3 A340-500 aircrafts, 6 A340-600 aircrafts and 4 B737-400 aircrafts, totaling amount of Baht 2,921 million.

During the year ended December 31, 2020, the Company recognized impairment losses on non-performing aircraft and non-performing rotatable aircraft spare parts of Baht 3,151 million which were consisted of impairment loss on 12 aircrafts of Baht 2,756 million and impairment loss on aircraft spare parts in amount of Baht 395 million (see Note 26).

During the year ended December 31, 2019, the Company recognized impairment loss on 9 non-performing aircrafts in amount of Baht 241 million and impairment loss on non-performing rotatable aircraft spare parts of Baht 74 million (see Note 26).

18. INTEREST BEARING LIABILITIES

18.1. Short-term borrowings from financial institutions

Short-term borrowings from financial institutions as at December 31, are as follows:

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

During the year ended December 31, 2020, the Company had additional 3-month borrowings from local financial institutions of Baht 4,000 million and repaid the principle amounting to Baht 270 million. The Company already recognized default interest (see Note 1) (2019: Nil).

During the year ended December 31, 2020, the Company did not use fixed assets or other securities as collateral for any borrowings (2019: Nil).

18.2. Long-term borrowings from financial institutions

Long-term borrowings from financial institutions as at December 31, are as follows:

Maturity Date	Floating Interest rate		Unit : Million Baht	
	(% per annum)		Consolidated and separate	
	2020	2019	2020	2019
December 31, 2020	2.51	3.41	2,920	2,920
September 29, 2021	3.56	4.26	754	784
October 7, 2022	2.17	2.92	2,000	2,000
August 27, 2023	2.11	2.98	437	469
March 31, 2024	2.76	3.66	2,400	2,700
Total			<u>8,511</u>	<u>8,873</u>
Less Current portion			<u>(8,511)</u>	<u>(3,768)</u>
Remaining portion of long-term borrowings			<u>-</u>	<u>5,105</u>

During the year ended December 31, 2020, the Company did not have additional long-term borrowings from financial institutions and repaid the principle amounting to Baht 362 million.

On May 27, 2020, the Central Bankruptcy Court has issued an order to accept the business rehabilitation petition, caused the Company to enter into a business rehabilitation process. As a result, the financial institutions have the rights to claim the loan debt under contracts immediately, together with the default payment of outstanding debts and debts that will be due which was met the default conditions of long-term borrowings. Long-term borrowings which will be due in more than one year of Baht 8,511 million have been classified as current liabilities in the consolidated and separate financial statements according to the conditions in the agreement and the Company already recognized default interest as at December 31, 2020 (see Note 1).

During the year ended December 31, 2020, the Company did not use fixed assets or other securities as collateral for any borrowings.

18.3. Debentures

The Company issued and offered debentures in Thai Baht to investors which debenture type was name-registered, unsubordinated and unsecured as at December 31, are as follow:

	Unit : Million Baht	
	Consolidated and separate financial statements	
	2020	2019
Debenture due within 1 year	71,608	9,085
Long-term debentures	-	65,023
Total	<u>71,608</u>	<u>74,108</u>

On May 27, 2020, the Central Bankruptcy Court has issued an order to accept the business rehabilitation petition, causing the Company entered into a business rehabilitation process, which constitutes a default according to the rights terms of the prospectus. Debenture holders by not less than 25 percent of outstanding debenture holders are able to request the Company to immediately pay all debentures that are not yet due, by sending a letter to the Company which will be the reason for a default conditions. During the year ended December 31, 2020, the Company received such letter from the debenture holder to pay back all debentures. As a result, as at December 31, 2020, all debentures were classified as current liabilities in the consolidated and separate financial statements according to the conditions in the prospectus and the Company already recognized default interest (see Note 1).

The Company issued unsecured debentures with the information as at December 31, as follow:

Debenture	Amount		Interest Rate (% per annum)	Interest Due	Repayment Due
	2020	2019			
	August 2013 No. 2 (Period 7 years)	1,250			
April 2015 No. 2 (Period 5 years)	-	1,500	4.32	Every 6 months	April 2020
September 2015 No. 2 (Period 5 years)	1,500	1,500	4.14	Every 6 months	September 2020
June 2017 No. 1 (Period 3 years)	1,000	1,000	2.74	Every 6 months	June 2020
August 2018 No. 2 (Period 2 years)	800	800	2.47	Every 6 months	August 2020
May 2019 No. 1 (Period 1 year)	-	1,000	2.35	Every 6 months	May 2020
November 2019 No. 1 (Period 1 year)	2,035	2,035	2.32	Every 6 months	November 2020
May 2011 No. 2 (Period 10 years)	833	833	years 1-4: 4.25% years 5-8: 4.75% years 9-10: 5.35%	Every 6 months	May 2021

Debenture	Amount		Interest Rate (% per annum)	Interest Due	Unit : Million Baht
	2020	2019			Repayment Due
No. 5 (Period 10 years) February 2012	2,167	2,167	4.62	Every 6 months	May 2021
No. 2 (Period 10 years) March 2012	2,000	2,000	4.75	Every 6 months	February 2022
No. 2 (Period 12 years) October 2012	1,500	1,500	4.98	Every 6 months	March 2024
No. 3 (Period 10 years) August 2013	1,500	1,500	4.90	Every 6 months	October 2022
No. 3 (Period 10 years) February 2014	1,500	1,500	5.16	Every 6 months	August 2023
No. 2 (Period 7 years)	1,000	1,000	5.14	Every 6 months	February 2021
No. 3 (Period 10 years) December 2014	1,000	1,000	5.58	Every 6 months	February 2024
No. 2 (Period 7 years)	1,340	1,340	4.76	Every 6 months	December 2021
No. 3 (Period 10 years) April 2015	1,430	1,430	4.98	Every 6 months	December 2024
No. 3 (Period 7 years)	2,000	2,000	4.62	Every 6 months	April 2022
No. 4 (Period 10 years) September 2015	2,300	2,300	4.92	Every 6 months	April 2025
No. 3 (Period 7 years)	2,500	2,500	4.44	Every 6 months	September 2022
No. 4 (Period 10 years) December 2016	3,000	3,000	4.74	Every 6 months	September 2025
No. 2 (Period 5 years)	500	500	3.45	Every 6 months	December 2021
No. 3 (Period 7 years)	1,000	1,000	3.66	Every 6 months	December 2023
No. 4 (Period 10 years)	3,000	3,000	4.35	Every 6 months	December 2026
No. 5 (Period 12 years) June 2017	2,000	2,000	4.66	Every 6 months	December 2028
No. 2 (Period 5 years)	1,000	1,000	3.06	Every 6 months	June 2022
No. 3 (Period 7 years)	1,000	1,000	3.57	Every 6 months	June 2024
No. 4 (Period 10 years)	3,000	3,000	4.04	Every 6 months	June 2027
No. 5 (Period 15 years) February 2018	2,000	2,000	4.68	Every 6 months	June 2032
No. 1 (Period 5 years)	1,200	1,200	2.74	Every 6 months	February 2023
No. 2 (Period 7 years)	1,000	1,000	3.19	Every 6 months	February 2025
No. 3 (Period 10 years)	2,400	2,400	3.76	Every 6 months	February 2028
No. 4 (Period 15 years) August 2018	1,400	1,400	4.18	Every 6 months	February 2033
No. 3 (Period 3 years)	500	500	2.70	Every 6 months	August 2021
No. 4 (Period 5 years)	500	500	3.23	Every 6 months	August 2023
No. 5 (Period 10 years)	2,200	2,200	4.04	Every 6 months	August 2028
No. 6 (Period 12 years)	1,200	1,200	4.42	Every 6 months	August 2030
No. 7 (Period 15 years) May 2019	1,300	1,300	4.62	Every 6 months	August 2033
No. 2 (Period 2 years)	1,000	1,000	2.65	Every 6 months	May 2021
No. 3 (Period 3 years)	1,970	1,970	3.06	Every 6 months	May 2022
No. 4 (Period 5 years)	910	910	3.55	Every 6 months	May 2024
No. 5 (Period 7 years)	610	610	3.87	Every 6 months	May 2026
No. 6 (Period 10 years)	2,320	2,320	4.20	Every 6 months	May 2029
No. 7 (Period 15 years) November 2019	2,190	2,190	4.65	Every 6 months	May 2034
No. 2 (Period 2 years)	634	634	2.43	Every 6 months	November 2021
No. 3 (Period 3 years 3 months)	2,453	2,453	3.00	Every 6 months	February 2023
No. 4 (Period 10 years)	1,899	1,899	3.72	Every 6 months	November 2029
No. 5 (Period 15 years)	1,767	1,767	3.98	Every 6 months	November 2034
Total	71,608	74,108			

19. LEASE LIABILITIES AND LIABILITIES UNDER AIRCRAFT LEASE

Lease liabilities and liabilities under aircraft lease as at December 31, consisted of the following:

	Consolidated		Unit : Million Baht Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Maturity Analysis:				
Year 1	28,692	7,253	28,682	7,253
Year 2 - 5	74,761	27,035	74,756	27,035
Year 5 onwards	36,738	12,168	36,738	12,168
	<u>(16,390)</u>	<u>-</u>	<u>(16,389)</u>	<u>-</u>
Total	123,801	46,456	123,787	46,456
Classification:				
Current				
Lease liabilities	123,796	-	123,787	-
Liabilities under aircraft lease	-	7,253	-	7,253
Non-current				
Lease liabilities	5	-	-	-
Liabilities under aircraft lease	-	39,203	-	39,203
Total	123,801	46,456	123,787	46,456

On May 27, 2020, the Central Bankruptcy Court has issued an order to accept the business rehabilitation petition, caused the Company to enter into a business rehabilitation process, together with the default payment of outstanding lease liabilities and lease liabilities that will be due, which was met the default conditions of long-term lease liabilities which caused the lessors under the lease to have the rights to claim all lease liabilities immediately. As a result, lease liabilities which will be due in more than one year of Baht 123,796 million in the consolidated financial statements and Baht 123,787 million in the separate financial statements have been classified as current liabilities in the consolidated financial statements and separate financial statements, respectively, according to the conditions in the agreement as at December 31, 2020.

20. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, are as follows:

	Consolidated		Unit : Million Baht Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables				
Related parties (see Note 6.2)	45	2	187	3
Others	19,363	4,189	19,114	4,189
Total trade payables	<u>19,408</u>	<u>4,191</u>	<u>19,301</u>	<u>4,192</u>
Other payables				
Airport fees payable	2,162	4,456	2,162	4,456
Others	15,338	3,463	15,257	3,382
Total other payables	<u>17,500</u>	<u>7,919</u>	<u>17,419</u>	<u>7,838</u>
Accrued expenses	2,005	8,790	2,301	8,457
Accrued interest expenses	8,431	877	8,431	877
Accrued flight service expenses	228	4,493	178	3,824
Accrued employee benefits (see Notes 22 and 23)	3,766	-	3,766	-
Total	51,338	26,270	51,396	25,188

21. DEFERRED REVENUE

Deferred revenue as at December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2020	2019	2020	2019
Unearned transportation revenue (see Note 21.1)	11,571	25,632	11,331	24,937
Customer Loyalty program (see Note 21.2)	4,587	4,057	4,587	4,057
	16,158	29,689	15,918	28,994

21.1 Unearned transportation revenue

Unearned transportation revenue are unearned revenue from selling ticket and freight at the end of reporting period and THAI Travel Voucher. The Group recognized as revenue from selling ticket and freight when the passengers used the ticket for flown or when providing the delivery of logistic and cargo. THAI Travel Voucher is a voucher that the Group gave to the passengers who had claimed for ticket refund in 2020. The passengers can use the voucher instead of cash when purchasing ticket and other services of the Group. The voucher's value is equal to paid ticket. The Group recognized as revenue when the passengers used the voucher for purchasing ticket and flew. The Group expanded the period of transportation for the passengers who got effect from COVID-19 until December 31, 2022.

During year ended 2020, the decreasing of unearned transportation revenue mostly came from the passengers flew and provided the delivery of logistic and cargo. Unearned transportation revenue increased in amount of Baht 24,629 million because the Group sold the tickets and was paid for delivery of logistic and cargo in advance.

21.2 Customer Loyalty Program

The Group has liabilities contract which is the customer loyalty program, the frequent flyer, "Royal Orchid Plus", which is a fair value amount from the customer loyalty program as at the end of reporting period. Points from the program will give benefits to customers when they redeemed for the services. Thus, giving special points to customers will be an obligation separated from fare revenue. Revenue relating to special points will be recognized as a liabilities from contract when the passengers redeemed the ticket, the Group will recognized revenue when the passengers redeemed for services.

During the year 2020, the increasing of Customer Royalty Program mostly came from when the passengers redeemed their points before the COVID-19 pandemic and the Group expanded the expired date of the Royal Orchid Plus points until December 31, 2021.

The following table shows the amount of revenue recognized in the current period relating to the beginning balance in deferred income.

	Consolidated financial statements		Unit : Million Baht	
			Separate	
	2020	2019	2020	2019
Unearned transportation revenue	12,344	17,894	11,964	17,434
Customer Loyalty Program	339	639	339	639

22. STAFF PENSION FUND

The Company has established pension fund of Thai Airways International Public Company Limited. 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 as at December 31, are as follows:

	Unit : Million Baht	
	Consolidated and Separate financial statements	
	2020	2019
Cash at bank		
(Presented in other non-current financial assets)	1,271	-
Receivable - Government Saving Bank		
(Presented in other non-current financial assets)	2,275	-
Receivable - Krungthai Bank		
(Presented in other non-current financial assets)	56	-
Cash at bank		
(Presented in other non-current assets)	-	3,859
Others	50	29
Total Assets	3,652	3,888
Other current liabilities		
Accrued payment for staff termination	1,470	-
Other current liabilities - Others	219	214
Staff pension fund	1,963	3,674
Total Liabilities	3,652	3,888

As at December 31, 2020 and 2019, the staff pension fund has remaining balances of Baht 1,963 million and Baht 3,674 million, respectively, equaled to the Company's obligations to pay for employees.

During the years ended December 31, 2020 and 2019, the Company paid the amount of Baht 367 million and Baht 317 million, respectively, to retired staff and recognized pension expense in the amount of Baht 127 million and Baht 166 million, respectively.

As at December 31, 2020, the Company has accrued payment for staff termination under early retirement project (MSP-A) and the employees who left from provident fund in the amount of Baht 1,470 million, presented as a part of trade payables and other current payables (see Note 20) which were already paid to the employees in January 2021 (2019: Nil).

23. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Non-current provisions for employee benefit are classified as follows:

23.1 Post-employment benefit

The Company provided the defined benefit pension plan in accordance with the requirement of Thai Labor Protection Act B.E. 2541 and according to the Company's policy for providing retirement benefit to employees based on their rights and year of services.

23.2 Post-retirement medical benefits

The Company provided benefits to the retired and early retired employees together with their spouses and unmarried children who age lower than 20 years with no expenses at all medical centers of the Company.

23.3 Encashment of unutilized holiday leaves

The Company provided annual leaves benefit compensation to the retired and early retired employees who have outstanding annual leaves in each year, which can be accumulated not more than 3 consecutive years.

23.4 Long service awards (Pin/Ring)

The Company rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

23.5 Free air ticket

The Company provided benefit to the employees who have been working with the Company for 15 years, rewarded for 1 free confirmed ticket on the Company's routes, and every next 5 years from the latest reward if employees continue working with the Company. The employees can accumulate and use these awards whenever they desire.

Non-current provisions for employee benefits as at December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements	financial statements	Separate	financial statements
	2020	2019	2020	2019
Present value of obligations	<u>15,316</u>	<u>17,197</u>	<u>15,242</u>	<u>17,081</u>

Items recognized in statement of profit or loss and other comprehensive income for the years ended December 31,

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2020	2019	2020	2019
Recognized in profit or loss				
Post-employment benefits	1,161	3,942	1,181	3,893
Other long-term benefits	14	85	14	85
Recognized in other comprehensive income				
Actuarial gains	(35)	(12)	(33)	-
Total	<u>1,140</u>	<u>4,015</u>	<u>1,162</u>	<u>3,978</u>

Movements in the present value of the provision for employee benefits:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2020	2019	2020	2019
Defined benefit obligations at the beginning of the year	17,197	13,575	17,081	13,493
Defined benefit expense recognized in profit or loss				
Current service costs	610	951	634	912
Interest costs	462	379	461	377
Past service costs	(20)	2,697	(20)	2,689
Actuarial gain from other long-term benefit	123	-	120	-
Actuarial (gain) loss - recognized in other comprehensive income				
Arising from experience adjustments	(1,748)	(12)	(1,749)	-
Arising from demographic assumptions	(3)	-	-	-
Arising from financial assumptions	1,716	-	1,716	-
Benefits paid by the plan	(3,021)	(393)	(3,001)	(390)
Defined benefit obligations at the end of the year	<u>15,316</u>	<u>17,197</u>	<u>15,242</u>	<u>17,081</u>

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 was enacted in the Royal Gazette which was effective after 30 days from the date announced in Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, such employees entitled to receive not less than 400 days' compensation at the latest wage rate. This change was considered an amendment to post-employment benefits plan. The Company reflected the effect of such change by recognized past service cost on profit or loss in the effective period.

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate (%)	1.40 - 2.32	1.82 - 3.50	1.40 - 2.20	2.75 - 3.50
Inflation rate (%)	1.25	1.75	1.25	1.75
Salary increasing rate (%)	1.5 - 6.5	3.0 - 7.0	2.5 - 6.5	3.0 - 7.0
Turnover rate (%)	0.0 - 34.0	0.0 - 34.0	0.0 - 9.0	0.0 - 9.0
Medical inflation rate (%)	6.0	6.0	6.0	6.0
Mortality	TMO17	TMO17	TMO17	TMO17

Significant actuarial assumptions for the determination of the defined employee benefit obligations were discount rate and expected salary increase rate. The sensitivity analysis below was determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

The impact on the employee benefit obligations increased (decreased) as at December 31, are as follows:

	Consolidated		Unit: Million Baht	
	financial statements	financial statements	Separate	financial statements
	2020	2019	2020	2019
Discount rate - increase by 1%	(1,709)	(1,417)	(1,702)	(1,416)
Discount rate - decrease by 1%	2,234	1,739	2,225	1,737
Salary rate - increase by 1%	1,142	1,096	1,136	1,094
Salary rate - decrease by 1%	(998)	(960)	(990)	(958)
Medical inflation rate - increase by 1%	1,062	815	1,062	815
Medical inflation rate - decrease by 1%	(726)	(620)	(726)	(620)

The sensitivity analysis presented above might not be representative of the actual change in the defined employee benefit obligations as it was unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions might be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation was calculated using the Projected Unit Credit Method at the end of the report period, which was the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

On October 9, 2020, the Company announced an early retirement program which allow voluntary employees to express their intentions within October 28, 2020 which employees participated in the program approximately 4,900 persons by the Company's approval. Such program had 2 options which will result in an approved employee 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.

As at December 31, 2020, the Company considered and approved benefits paid for MSP-A and recognized liabilities in the consolidated and separate financial statements of Baht 2,296 million by presented as a part of trade and other current payable (see Note 20). For MSP-B, the Company is in the process of considering approval and assessing the impact to provision for non-current liabilities for employee benefits, which have to be recognized as current liabilities from employee benefits when the number of participating employees is finalized (2019 : Nil).

24. OTHER NON-CURRENT PROVISIONS

Other non-current provisions during the years ended December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial Statements	financial Statements	Separate	Separate
	2020	2019	2020	2019
Other non-current provisions at the beginning of the year	18,156	14,708	16,213	13,094
Movement during the years	298	3,448	(185)	3,119
Other non-current provisions at the ending of the year	<u>18,454</u>	<u>18,156</u>	<u>16,028</u>	<u>16,213</u>

Other non-current provisions consists 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 estimates expected maintenance expenses upon flight hour, flight cycle, overhaul period, and lease period which are calculated along with usage time proportion.

25. REVENUES

Disaggregation of revenue

The Group classified revenue from the sale of goods and services over time and at a point in time consistent with the disclosure of revenue by segment which under Thai Financial Reporting Standard No.8 "Operating Segments" (see Note 31).

	Consolidated		Unit : Million Baht	
	financial statements	financial statements	Separate	Separate
	2020	2019	2020	2019
Timing of revenue recognition				
At a point in time				
Air transportation				
Revenue from passenger and excess baggage	34,041	148,673	30,709	141,021
Revenue from freight	6,893	17,783	6,874	17,786
Business unit				
Revenue from business units	5,592	13,094	6,735	14,874
Others				
Other service revenue	175	385	-	-
Over time				
Air transportation				
Revenue from charter flight services	122	371	122	371
Business unit				
Revenue from aircraft repair and maintenance services	893	736	1,104	1,083
Total	<u>47,716</u>	<u>181,042</u>	<u>45,544</u>	<u>175,135</u>

26. IMPAIRMENT LOSS ON AIRCRAFT, RIGHT-OF-USE ASSET AND ROTABLE AIRCRAFT'S SPARE PART

Impairment loss on aircraft, right-of-use asset and rotatable aircraft's spare part for the years ended December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2020	2019	2020	2019
Aircraft and right-of-use asset (see Note 12, Note 13 and Note 17)	78,875	381	78,875	381
Rotable aircraft's spare parts	3,827	253	3,827	253
Total	82,702	634	82,702	634

For the year ended December 31, 2020, impairment loss on aircraft, right-of-use asset and rotatable aircraft's spare part of Baht 82,702 million are as follows:

- Impairment loss on aircrafts and right-of-use assets in the amount of Baht 78,875 million consisted of the impairment loss on aircraft which were included in property, plant and equipment in amount of Baht 26,540 million (see Note 12), impairment loss on right-of-use aircraft in amount of Baht 49,630 million (see Note 13), impairment loss on non-performing aircrafts in amount of Baht 2,756 million (see Note 17) and reversal impairment loss on aircrafts which were classified as non-current asset held for sale of Baht 51 million (see Note 10).
- Impairment loss on rotatable aircraft's spare parts in the amount of Baht 3,827 million consisted of the impairment loss on rotatable aircraft's spare parts which were included in property, plant and equipment in amount of Baht 3,432 million (see Note 12) and impairment loss on non-performing rotatable aircraft's spare parts in amount of Baht 395 million (see Note 17).

For the year ended December 31, 2019, impairment loss on aircraft, right-of-use asset and rotatable aircraft's spare part of Baht 634 million are as follows:

- Impairment loss on aircraft and right-of-use asset in amount of Baht 381 million consisted of the impairment loss on non-performing aircrafts in amount of Baht 241 million (see Note 17) and impairment loss on aircrafts which were classified as non-current asset held for sale in amount of Baht 140 million (see Note 10).
- Impairment loss on rotatable aircraft's spare part in amount of Baht 253 million consisted of the impairment loss on aircraft were included in property, plant and equipment in the amount of Baht 57 million (see Note 12), impairment loss on rotatable aircraft's spare part for sale in the amount of Baht 74 million (see Note 17) and impairment loss on others in amount of Baht 122 million.

27. IMPAIRMENT LOSS DETERMINED IN ACCORDANCE WITH TFRS 9

Impairment loss determined in accordance with TFRS 9 for the year ended December 31, are as follows:

	Consolidated financial statements 2020	Unit : Million Baht Separate financial statements 2020
Allowance for expected credit loss of trade and other receivables - Related parties (see Note 8)	-	7,678
Allowance for expected credit loss of trade and other receivables - Other parties	273	273
Reversal of allowance for expected credit loss of other financial assets	(12)	(12)
Total	<u>261</u>	<u>7,939</u>

28. INCOME TAX EXPENSE

Reconciliation of effective tax rate

	Unit : Million Baht			
	Consolidated financial statements 2020		2019	
	Tax Rate %	Amount Million Baht	Tax Rate %	Amount Million Baht
Loss for the years		141,180		12,016
Income tax expense		(1,083)		(982)
Loss before income tax expense		<u>140,097</u>		<u>11,034</u>
Income tax using applicable tax rate	20	(28,019)	20	(2,207)
Tax effect of non-deductible expense (benefit)				
Revenue and expense from Promotional Privileges		17,053		3,182
Revenue and expenses not deductible for tax purposes		7,683		253
Effect of taxable loss not recognized as deferred tax asset		3,283		-
Utilization of accumulated tax loss		-		(1,247)
Utilization of deferred tax for the years		(1,083)		(963)
Income tax expense	-	<u>(1,083)</u>	-	<u>(982)</u>

	Unit : Million Baht			
	Separate financial statements 2020		2019	
	Tax Rate %	Amount Million Baht	Tax Rate %	Amount Million Baht
Loss for the years		147,168		11,876
Income tax expense		(1,081)		(964)
Loss before income tax expense		<u>146,087</u>		<u>10,912</u>
Income tax using applicable tax rate	20	(29,217)	20	(2,182)
Tax effect of non-deductible expense (benefit)				
Revenue and expense from Promotional Privileges		17,888		2,732
Revenue and expenses not deductible for tax purposes		7,684		256
Effect of taxable loss not recognized as deferred tax asset		3,645		-
Utilization of accumulated tax loss		-		(806)
Utilization of deferred tax for the years		(1,081)		(964)
Income tax expense	-	<u>(1,081)</u>	-	<u>(964)</u>

29. PROMOTIONAL PRIVILEGES

The Group was granted the promotional privileges under the Investment Promotional Act, B.E. 2520 by the Board of Investment under each promotion certificate as follows:

The Company

Promotional Card		Commenced date of revenue generated
No.	Date	
1214(2)/2552	8 December 2008	4 April 2009
1874(2)/2552	14 September 2009	30 March 2011
1446(2)/2554	21 February 2011	24 May 2011
1178(2)/2555	29 December 2011	26 December 2011
1627(2)/2555	28 March 2012	12 March 2012
2576(2)/2555	14 September 2012	8 August 2012
2577(2)/2555	14 September 2012	6 October 2012
1220(2)/2556	26 December 2012	5 February 2013
1221(2)/2556	26 December 2012	25 March 2013
1590(2)/2556	13 March 2013	13 March 2013
2357(2)/2556	6 August 2013	23 January 2014
2358(2)/2556	6 August 2013	25 July 2014
2360(2)/2556	6 August 2013	25 January 2015
2362(2)/2556	6 August 2013	1 May 2015
2363(2)/2556	6 August 2013	4 September 2016
2364(2)/2556	6 August 2013	27 April 2017
2365(2)/2556	6 August 2013	20 July 2017
2366(2)/2556	6 August 2013	23 September 2017
2367(2)/2556	6 August 2013	7 February 2018

Subsidiary

Promotional Card		Commenced date of revenue generated
No.	Date	
1465(2)/๑./2557	9 April 2014	7 July 2012
1466(2)/๑./2557	9 April 2014	20 January 2013
1467(2)/๑./2557	9 April 2014	27 October 2013
1468(2)/๑./2557	9 April 2014	5 February 2014
1469(2)/๑./2557	9 April 2014	1 October 2014
1470(2)/๑./2557	9 April 2014	1 January 2015

Under some of conditions, privileges are consisted of:

- A) Grant permission to bring foreigner who are skilled workers, experts, spouses and dependents of persons in such foreigner into the Kingdom of Thailand for the number and period as the Board permitted.
- B) Foreigner of Thailand who are skilled workers or experts and who granted permission to stay in the Kingdom of Thailand, shall be granted a work permit for a specific position approved by the Board for the period of permitted stay in the Kingdom of Thailand.

- C) Granted exemption import duties for machinery as approved by the Board.
- D) Granted corporate income tax exemption for net income from operations the promotional privileges which was not exceeded 100% of investment excluding land and working capital specific 8 years since commenced date of revenue generated from such operations. In case of loss from operations during the income tax exemption period, the promoted company shall be granted to bring loss during the period to deduct with net income occur after such period by elect to deduct from net income of any year or any several years.
- E) Granted exemption to include dividend received from operations the promotional privileges which exempted corporate income tax for income tax calculation for the exemption period.
- F) Granted permission to take remit money from the kingdom of Thailand as foreign currency.

The Group have to follow specification and conditions as listed in the investment promotional certificate to comply with the announcement of the Board of Investment No. Por. 14/1998 dated December 30, 1998 regarding the revenues reporting of a promoted industry, for the years ended December 31, 2020 and 2019, the Group's total revenues from sales were domestic sales, which were allocated to promoted and non-promoted activities as follows:

	Unit: Million Baht					
	Consolidated financial statements					
	Promoted business		Non-promoted business		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sales or services	24,505	103,992	23,211	77,050	47,716	181,042

	Unit: Million Baht					
	Separate financial statement					
	Promoted business		Non-promoted business		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sales or services	21,198	96,486	24,346	78,649	45,544	175,135

30. TRANSFER THE RESERVE TO COMPENSATE THE DEFICIT

On April 26, 2020, the Annual General Meeting of Shareholders for the year 2019 passed a resolution to approve transfer legal reserve in the amount of Baht 2,692 million and premium on share capital in the amount of Baht 23,682 million, totaling Baht 26,374 million to compensate the Company's accumulated deficits.

31. OPERATING SEGMENT

Factors used to identify the reportable segments

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

The Company has 3 reportable segments, consisting of

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

Measurement criteria

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

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

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

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

During the years ended December 31, 2020 and 2019, there were no revenues from sales and services with a single external customer contributed to 10% or more to the Group's total revenues.

31.1 Financial Information by Segment

The operating segments are classified in the consolidated financial statements for the years ended December 31, are as follows:

	Unit : Million Baht							
	Consolidated financial statements						Total	
	Air Transportation		Business Units		Other Activities		2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019
External Revenue (see Note 25)	41,056	166,827	6,485	13,830	175	385	47,716	181,042
Inter - segment revenue (expenses)	(3,717)	(14,612)	2,157	9,695	1,560	4,917	-	-
Interest income	120	190	-	-	-	6	120	196
Other income	547	2,828	49	87	(2)	89	594	3,004
Gain (loss) on foreign currency exchange	-	4,584	-	-	-	(145)	-	4,439
Gain on changes in investment proportion	206	273	-	-	-	-	206	273
Total Revenues	38,212	160,090	8,691	23,612	1,733	5,252	48,636	188,954
Aircraft fuel expenses	(12,386)	(54,675)	-	-	-	-	(12,386)	(54,675)
Employee benefits expenses	(12,648)	(17,607)	(4,738)	(7,284)	(3,160)	(6,280)	(20,546)	(31,171)
Flight service expenses	(6,720)	(21,014)	(7)	(45)	-	-	(6,727)	(21,059)
Depreciation and amortization expenses	(26,083)	(16,029)	(687)	(396)	(934)	(903)	(27,704)	(17,328)
Impairment loss on fixed assets	(82,703)	(634)	-	-	-	-	(82,703)	(634)
Other expenses	(21,907)	(55,658)	(2,385)	(7,467)	(777)	(7,332)	(25,069)	(70,457)
Loss on foreign currency exchange	(916)	-	-	-	21	-	(895)	-
Finance costs	(12,192)	(4,441)	-	-	(1)	-	(12,193)	(4,441)
Share of loss on investment in associates	(511)	(223)	-	-	-	-	(511)	(223)
Total Expenses	(176,066)	(170,281)	(7,817)	(15,192)	(4,851)	(14,515)	(188,734)	(199,988)
Profit (loss) before income tax expense	(137,854)	(10,191)	874	8,420	(3,118)	(9,263)	(140,098)	(11,034)
Income tax expense	(1,081)	(964)	-	-	(1)	(18)	(1,082)	(982)
Profit (loss) by segments	(138,935)	(11,155)	874	8,420	(3,119)	(9,281)	(141,180)	(12,016)

	Unit : Million Baht							
	Consolidated financial statements						Total	
	Air Transportation		Business Units		Other Units		2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019
Current assets	17,245	38,274	557	668	893	2,893	18,695	41,835
Investments in associates and other long-term investment	910	2,101	-	-	-	-	910	2,101
Property, plant and equipment	34,055	163,314	5,850	5,340	2,223	2,462	42,128	171,116
Right-of-use-assets	110,360	-	4,915	-	1,547	-	116,822	-
Other non-current assets	29,143	33,963	-	-	43	1,952	29,186	35,915
Non-allocated assets	-	-	-	-	-	-	1,050	3,841
Total assets							208,791	254,808
Current liabilities	295,567	72,139	153	432	548	8,053	296,268	80,624
Non-current liabilities	35,837	157,777	-	-	29	3,506	35,866	161,283
Non-allocated liabilities	-	-	-	-	-	-	5,322	1,135
Total Liabilities							337,456	243,042

31.2 Revenues by Geographical Segment

Operating segments classified by geographical in the consolidated financial statements for the years ended December 31, 2020, and 2019 are as follows:

	Unit: Million Baht Consolidated financial statements	
	2020	2019
Domestic Revenues		
Air Transportation	4,218	10,967
Business Unit	6,485	13,830
Others	175	385
Foreign Revenues		
Air transportation		
Asia	19,107	91,836
Europe	13,551	49,999
Australia & New Zealand	4,180	14,025
Total Revenues	<u>47,716</u>	<u>181,042</u>

32. PROVIDENT FUND

The Group has a provident fund for those employees who have elected to participate in accordance with the Thai Provident Fund Act B.E. 2530. The contributions from the employees are deducted from their monthly salaries, 9% of salaries for the member had working year less than 20 years and 10% of their salaries for the member had working years over 20 years.

Provident Fund is managed by Krungthai Asset Management Public Company Limited, One Asset Management Company Limited and Principle Asset Management Company Limited and will pay to staff when the staff resigned according to regulations of the Group's fund. For the years ended December 31, 2020 and 2019, the Group recognized the contribution paid as an expense in the consolidated financial statement in the amount of Baht 819 million and Baht 1,235 million, respectively, and the Company recognized that contribution paid as an expense in the separate financial statements in the amount of Baht 803 million and Baht 1,215 million, respectively.

33. FINANCIAL INSTRUMENTS

33.1 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.

33.2 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

Details of sensitivity analysis for foreign currency risk and for interest rate risk are set as follows :

33.2.1 Foreign currency risk management

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 December 31, 2020, the Company did not have CCS transaction because the counterparties have canceled all contracts. Since the Company has entered the business rehabilitation process which caused the counterparties was able to terminate the contracts. For the year ended December 31, 2020, the Company recognized loss on CCS contracts termination and forward contracts in the amount of Baht 272 million as expenses in the consolidated and separate statements of profit or loss and other comprehensive income.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at December 31, 2020 are as follows:

	Unit : Million Baht	
	Consolidated and Separate financial statements	
	Assets	Liabilities
US Dollar	20,133	94,061
Yen	310	520
Euro	656	606
Others	1,162	1,150

Foreign Currency sensitivity analysis

The Group is mainly disclosed to the currency of asset and liability in USD.

The following table detailed the Group's sensitivity to a 10% of appreciation and depreciation of Baht currency which comparing with relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as at December 31, 2020 for a 10% change in foreign currency rates.

	Unit : Million Baht	
	Consolidated and Separate financial statements	
	Assets 2020	Liabilities 2020
Gain (loss)		
- Appreciate 10%	(223)	963
- Depreciate 10%	223	(963)

33.2.2 Interest rate risk management

The Company is exposed to interest rate risk because entities in the Company borrow funds 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.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this Note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both financial derivatives and non-financial derivatives at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The Group's sensitivity to 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit or loss for the year ended December 31, 2020 would decrease/increase by Baht 569 million. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowing.

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 December 31, 2020, the Company has no interest rate swap contract transaction because the contract is due and the Company does not enter into additional contract.

33.2.3 Fuel price risk

Fuel price risk in the Company primarily arises from price fluctuation availability of jet fuel. 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 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, it severely affected the aviation industry. As a result, demand for crude oil and jet fuel in the second quarter of 2020 dropped at an unprecedented rate. In addition, the company is in the process of rehabilitation under the Central Bankruptcy Court. As a result, the oil futures hedging which has been prepared to enter into a non-compliance condition (Default) according to the standard contract under ISDA (International Swaps and Derivative Association).

As at December 31, 2020, the Company does not have any derivative transactions for hedge fuel price because the counterparty has canceled all contracts due to the above reasons. As a result, the loss from ineffective portion of hedging financial instruments for the year ended December 31, 2020, is in amount of Baht 4,955 million, recognized as expenses in the consolidated and separate statement of comprehensive income.

33.3 Credit risk management

Note 8 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.

33.4 Liquidity and interest risk management

Ultimate responsibility for liquidity risk management rests with the Planners, which has 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, which is in progress to present to Official Receiver, as described in Note 5.

33.5 Classes and categories of financial instruments and their fair values

The following table combines information of:

- type of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments, except financial instruments that their carrying amounts are approximates at fair value and
- level of fair value hierarchy of financial assets and financial liabilities, which fair value was disclosed.
- level of fair value hierarchy 1 to 3 is based on the degree to which the fair value is observable.

Cash and cash equivalents, trade receivables, other receivables, trade payables, other payables, loans from financial institutions and related parties, lease liabilities and debentures, their carrying amounts approximate their fair value because of short-term maturity.

For carrying amount of long-term loans from related parties and financial institution, which had floating interest rate, fair value were approximate to their carrying amount. Their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

Financial assets and financial liabilities measured at fair value

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 December 31, 2020.

	Level of Fair value	Consolidated financial statements	Unit : Million Baht Separate financial statements
Assets measured at fair value through profit or loss			
Other non-current financial assets			
Investment in debt securities	Level 2	53	53
Investment in funds	Level 2	1	1
Assets measured at fair value through other comprehensive income			
Other non-current financial assets			
Investment in market-equity securities	Level 1	560	560
Investment in non-market equity securities	Level 3	21	15

Assets measured at fair value

The following table presents the fair value of assets, including the hierarchy of fair value for the asset recognized at fair value as at December 31, 2020 and 2019.

	Level of Fair value	Unit : Million Baht Consolidated and separate financial statements	
		2020	2019
Assets measured at fair value through other comprehensive profit or loss			
Other non-current assets			
Land	Level 2	12,624	9,035

The following table presents the disclosure of fair values of financial assets and financial liabilities, which was not recognized in the consolidated and separate financial statements. The group has financial asset and financial liabilities with fair value. It presents separately in each hierarchy of fair value as at December 31, 2019 as follows;

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

The following table disclose valuation technique using in fair value measurement.

Types	Valuation techniques
Derivatives	The fair value of derivatives is calculated by using the discounted cash flows valuation model which consider the present value of expected cash flow, discounted using a related risk-adjusted discount rate. The data using in valuation are mostly observable market data, e.g. spot exchange rate, forward exchange rate, interest rate, bond yield, forward fuel prices, and contractual fuel prices.
Marketable equity securities	The fair value of the investment in equity securities measured at fair value through profit or loss (FVTPL) is calculated by using bid price from the stock exchange of Thailand (SET) as of the reporting date.
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. Calculated using valuation techniques by obtaining the observable market data and converting discounted cash flows to present values.
Investments in marketable unit trust	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.
Land	The fair value of land is a measurement which assess the price appraisal from independent appraisor which is certified by the Securities and Exchange Commission (SEC). The Market approach is used for the price appraisal.

During the year ended December 31, 2020, the Company did not transfer financial instruments between the fair value hierarchy.

34. COMMITMENTS AND CONTINGENT LIABILITIES

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

34.1 Bank Guarantee

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

	Unit : Million (Currency)	
	Consolidated and Separate financial statements	
	2020	2019
Bank Guarantee		
Issued by domestic banks		
THB Currency	98	98
Issued by foreign banks		
BDT Currency	10	10
AUD Currency	7	7
INR Currency	389	408
SAR Currency	5	6
AED Currency	3	3

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

34.2 Contract commitment

As at December 31, 2020, 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.

As at December 31, 2019, the Company has obligations from operating leases agreement of 42 aircrafts; consisting of 39 aircrafts which already taken the delivery and there are 3 aircraft which have not been taken deliver yet. Also, there are 6 and 36 aircraft which the lease will expire in the year 2020 - 2024 and year 2025 - 2030, respectively. The Company has paid security deposit in amount of USD 3,588 million and has the remaining contract value of USD 2,928 million to pay after taken the aircrafts.

35. DISPUTES AND SIGNIFICANT LITIGATION

35.1 Labor disputes and damages claim

The Company has been filed as defendant in domestic and foreign labor disputes for 6 cases with claim amount of Baht 17 million and the complaints in domestic and foreign for 38 cases with claim amount of Baht 447 million.

35.2 Tax dispute

35.2.1 The Company, as an entrepreneur in the Duty free zone, has received a letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, requested the Company to clarify the completeness of the certificate license of the import food for restricted products. The customs official has assessed additional taxes and duties according to 252 import entry declarations, which consisted of price of products in amount of Baht 492.73 million, import duty in amount of Baht 244.36 million, excise tax in amount of Baht 754.47 million, interior tax in amount of Baht 75.45 million, value added tax in amount of Baht 109.69 million, the subsidies for Thai Health Promotion Foundation in amount of Baht 14.91 million, and the subsidies for Thai Public Broadcasting Service in amount of Baht 11.18 million. The Company has submitted the letter of clarification to the Customs Department for consideration. In this regard, the Company has consultation letter on legal matters in relation to the importation of a group of products under the import control of food, fruit juice and other imports into the free zone of Thai Airways Catering, in the case of compliance with Section 152 of the Customs Act, B.E. 2560 to the Director-General of the Customs Department for consideration. 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.

- 35.2.2 The Panohm Penh branch in Kingdom of Cambodia had been assessed additional taxes from the Cambodia Revenue Department, related to the difference in interpretations of tax law.

During the year 2019, the Company received the tax assessment notification for the year 2017, consisted of 3 types of tax, which were corporate income tax, special business tax and withholding tax. The total additional assessed tax, including fine and interest were Riel 10,771 million. And for the period January - September 2017, consisted of 2 types of tax, which are prepayment corporate income tax and special business tax. The total additional assessed tax, including fine and interest were Riel 7,176 million. During the year ended December 31, 2020, the Company received the tax assessment notification for the year 2018, consisted of 3 types of tax, which were tax on corporate income tax, special business tax and withholding tax. The total additional assessed tax, including fine and interest were Riel 5,018 million.

The Company had filed such disputes with the above assessment through a tax advisor. The Company had issued a letter requesting to extend the tax audit for the years 2017 and 2018 due to the impact of the situation of COVID-19 and the Company is in the process of rehabilitation plan. It is currently under consideration by the Cambodia Revenue Department. The tax payment as assessed depended on the negotiation with the Cambodia Revenue Department based on the fact, laws and supporting documents. The mentioned disputes are in negotiation process.

- 35.3 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.

35.4 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 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 in early 2021.

For the case that the Company is the defendant has been suspended for the outcome of the main case. The law firm assess 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 is only the carrier according to the price agreement, which the Company had low market share in such routes.

As at December 31, 2020, the management of the Company considered such disputes and litigation as described in Notes 35.1 to 35.4 based on the facts and the laws that the impacts of such matters will not significantly affect to the financial statements.

36. RECLASSIFICATIONS

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

Items	Previously presentation	Current period presentation	Unit : Million Baht	
			Consolidated financial statements	Separate financial statements
Statements of financial position				
Prepaid expenses and deposits	Prepaid expenses and deposits	Trade and other current receivables	1,958	2,176
Accrued income	Other current assets	Trade and other current receivables	2,008	2,030
Trade receivables - related parties	Other current assets	Trade and other current receivables	56	1,689
Other receivables - related parties	Other current assets	Trade and other current receivables	-	3,762
Other receivables - other parties	Other current assets	Trade and other current receivables	3,355	3,774
Receivable - Revenue Department	Other current assets	Trade and other current receivables	905	905
Withholding tax	Other current assets	Current tax assets	558	558
Deposit of pension fund	Other current assets	Other non-current assets	3,859	3,859
Aircraft equipment and decoration fees according to aircraft's operating lease	Other non-current assets	Property, plant and equipment	3,998	3,998
Deferred Expense	Other non-current assets	Property, plant and equipment	1,787	1,787
Prepaid engines and parts	Property, plant and equipment	Other non-current assets	992	992
Accrued expenses	Accrued expenses	Trade and other current payables	14,160	13,159
Maintenance Liabilities	Accrued expenses	Other non-current provisions	2,190	2,190
Retirement obligation of local staff expenses overseas	Other current liabilities - others	Non-current provisions for employee benefits	418	418
Airport fee payable	Other current liabilities - others	Trade and other current payables	4,456	4,456
Deferred revenue	Other current liabilities - others	Trade and other current payables	5	4
Suspense Output Tax	Other current liabilities - others	Trade and other current payables	307	302
Employee payables - overseas	Other current liabilities - others	Trade and other current payables	115	115
Deposit received	Other current liabilities - others	Trade and other current payables	803	793
Accounts payable - employee	Other current liabilities - others	Trade and other current payables	1	1
Advance received revenue	Other current liabilities - others	Trade and other current payables	94	94
Fixed assets payable - awaiting collection	Other current liabilities - others	Trade and other current payables	85	85
Other payables	Other current liabilities - others	Trade and other current payables	1,734	1,991
Debit notes from creditor	Other current liabilities - others	Trade and other current receivables	-	195
Unearned transportation revenue	Other current liabilities	Unearned transportation revenue	29,689	28,994
Accrued dividends	Other current liabilities	Accrued dividends	57	54
Deferred tax liabilities	Deferred tax liabilities	Deferred tax assets	1,857	1,857
Statements of profit or loss and other comprehensive income				
Mail reverse	Mail reverse	Freight revenue	540	540
Other income	Other income	Other business revenue	(762)	(805)
Write off of Aircraft equipment and decoration	Lease of aircraft and spare parts	Depreciation and amortization	540	540
Impairment loss of aircraft	Loss from aircraft impairment	Impairment loss on aircrafts, right-of-use aircraft and rotatable aircraft's spare part.	456	456
Insurance expenses	Insurance expenses	Other expenses	628	537

The consolidated and separate cash flow statements for the year ended December 31, 2019 have been reclassified in accordance with the above reclassifications.

37. EVENTS AFTER THE REPORTING PERIOD

- 37.1 On January 19, 2021, the Company transferred 98,983,125 shares of Bangkok Aviation Fuel Services Public Company Limited representing 15.53% of the registered share capital at Baht 27.40 per share, totaling Baht 2,712,137,625 to Ratch Group Public Company Limited, according to the share purchase agreement dated December 29, 2020. After the transfer, the Company has proportion of ownership of 7.06% of total issued and paid up share capital in Bangkok Aviation Fuel Services Public Company Limited.
- 37.2 On February 18, 2021, the Company announced an early retirement program, Mutual Separation Plan B and Plan C. The employee who is approved under the plans will be retiring from May 1, 2021 onwards.

38. APPROVAL OF THE FINANCIAL STATEMENTS

This financial statements were approved by the Planners of the Company on February 24, 2021.