

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE PLAN ADMINISTRATOR

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED

Opinion

We have audited 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 Limited (the “Company”) which comprise the consolidated and separate statements of financial position as at December 31, 2023, 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.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Thai Airways International Public Company Limited and its subsidiaries and of Thai Airways International Public Company Limited as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Notes 1 and 5 to the financial statements, during the years 2020 to 2022, the Company had submitted petition to the business rehabilitation and implemented the plan and the latest revised plan which was approved on October 20, 2022. The essential parts of business rehabilitation plan consist of capital restructuring, debt financing and capital mobilization, debt repayment of each class of the creditors, and completion of the plan. However, the achievements of the rehabilitation plan depend on the Company's ability to implement and rehabilitate according to all conditions as specified in the completion of business rehabilitation plan. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p>Accuracy of passenger fare</p> <p>Passenger fare is recognized as revenue when the related transportation service is provided. The value of passenger fare for which the related transportation service has not yet been provided at the end of the reporting period is recorded as unearned transportation revenue presented as the part of deferred revenue in the statement of financial position.</p> <p>Passenger fare is made up of a high volume of individually low value transactions. The amount of revenue to be recognized for each flight as it is flown relies on complex internal IT system that handle large volumes of transaction data. We have focused our audit on revenue from passenger fare for the accuracy of value of passenger fare that have not yet been provided and the recognition of revenue on passenger fare when services have been provided.</p> <p>Accounting policies for recognition of revenue from passenger fare were disclosed in Note 3.14 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Obtained understanding and assessed and tested the Group's internal controls on the passenger fare process by making enquiry of responsible personnel and selecting representative samples to test the implementation of the designed controls. • Involved our IT specialists to audit general IT control on IT Systems and review the testing results on System and Organization Controls for Service Organization (SOC) of relevant IT controls which were verified by a valid third party. • Reconciled the unearned transportation revenue and revenue on passenger fare in the accounts with reports from related IT systems. • Examined sample selections of passenger fare recorded as unearned transportation revenue to underlying evidence of payment, and of flight records to assess the accuracy of the revenue recognized when services have been provided. • Performed analytical review on revenue data disaggregated by nature to detect possible irregularities. • Tested the appropriateness of journal entries and other adjustments which were directly posted passenger fare.

Key Audit Matters	Audit Responses
<p>Assessing impairment of aircrafts and related assets</p> <p>Management performs an impairment assessment of the cash-generating units by comparing its carrying value with its recoverable amount.</p> <p>We identified the assessment of impairment of aircraft and related assets in the cases that the recoverable amount obtained from value-in-use as a key audit matter because it uses the significant accounting estimate that required management to exercise a high degree of judgement in estimating revenue growth and discount rate which is relevant to the future cash flows.</p> <p>Accounting policies of impairment and details of aircraft and related assets were disclosed in the Notes 3.11 and 4.1 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Read minutes of the Plan Administrator, Creditors, Executive Management, and those Charged with Governance meetings and held discussions with senior management to understand to rationale and assumption and also consider if they were reflected in the value-in-use calculation prepared by Management. • Obtained an understanding of process in determining the indicator and estimate of allowance for impairment of aircrafts and related assets and tested of design and implementation of Group's internal control. • Involved internal valuation specialist to assess and test the appropriateness and possibility of the methodology and significant assumptions applied by the management in projected cash flow relating to the value-in-use, including the consideration of revenue growth, which is based on utilization of the fleet and flight plan, and discount rate with reference to our understanding of the business, historical trends and available industry information and market data. • Performed sensitivity analyzes on the key assumptions, included projected profitability, expected growth rates and discount rates adopted in the discounted cash flow forecasts and assessing whether there was any indicator of management bias in the selection of this assumptions. • Preformed analytical review on information relevant to the loss on impairment of aircrafts and related assets. • Checked the arithmetical accuracy of the computation used in assessing of value-in-use. • Reviewed the disclosures in respect of the impairment assessment of these assets

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and those charged with governance for correction of the misstatement.

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 TFRSs, and for such internal control as management determines is necessary to enable the preparation of 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 objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BANGKOK
February 22, 2024

Juntira Juntrachaichoat
Certified Public Accountant (Thailand)
Registration No. 6326
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7.1	52,939,463,396	34,539,793,772	52,359,257,744	34,042,074,166
Trade and other current receivables	6.2, 8	19,190,916,364	16,955,034,829	18,666,925,099	17,040,069,085
Inventories and supplies	9	5,253,829,658	4,448,944,904	5,221,302,754	4,427,515,059
Current tax assets		349,267,292	317,595,696	349,267,292	317,595,696
Other current financial assets	10	14,190,615,215	-	14,090,577,500	-
Other current assets		49,346,375	795,858,833	49,346,375	795,821,693
Non-current assets classified as held for sale	11	2,102,577,841	2,746,514,121	2,102,577,841	2,746,514,121
Total Current Assets		94,076,016,141	59,803,742,155	92,839,254,605	59,369,589,820
NON-CURRENT ASSETS					
Other non-current financial assets	22, 34.5	3,140,999,962	3,243,541,000	3,135,906,662	3,212,334,853
Investments in associates	12.1	574,690,186	511,002,483	383,334,000	383,334,000
Investments in subsidiaries	12.2	-	-	10,209,920	10,209,920
Non-current receivable under lease agreements		-	-	-	6,495,040,409
Property, plant and equipment	13	44,579,272,684	45,968,605,615	44,556,189,072	45,918,253,719
Right-of-use assets	14	65,047,852,604	61,868,826,214	65,042,183,223	56,295,477,032
Intangible assets		121,672,860	166,069,480	115,987,117	145,112,285
Deferred tax assets	15	10,994,809,615	9,599,009,022	10,987,712,303	9,591,946,667
Maintenance reserves	16	14,894,114,789	14,328,757,735	14,894,114,789	14,328,757,735
Other non-current assets	17	5,561,226,965	2,688,165,526	5,463,449,926	2,548,555,188
Total Non-current Assets		144,914,639,665	138,373,977,075	144,589,087,012	138,929,021,808
TOTAL ASSETS		238,990,655,806	198,177,719,230	237,428,341,617	198,298,611,628

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

.....
(Mr.Chai Eamsiri)
Chief Executive Officer

.....
(Mrs.Cherdchome Therdsteerasukdi)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2023

UNIT : BAHT

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2023	2022	2023	2022
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other current payables	6.2, 20	28,547,059,852	25,036,720,096	27,340,119,068	23,148,070,066
Deferred revenue	21	37,575,699,718	35,679,208,931	37,497,491,090	35,344,600,968
Current portion of long-term liabilities					
Long term borrowing from related party	6.2, 7.3	-	453,754,166	-	453,754,166
Leases liabilities	7.3, 19	7,186,755,767	1,979,804,017	7,180,322,067	1,975,960,540
Short-term borrowings from related parties	6.2, 7.3	-	39,000,000	-	-
Income tax payable		7,920,562	4,500,589	-	-
Accrued dividends		54,626,562	54,565,362	54,228,762	54,228,762
Other current liabilities		824,161,546	409,029,424	816,630,738	408,993,722
Total Current Liabilities		74,196,224,007	63,656,582,585	72,888,791,725	61,385,608,224
NON-CURRENT LIABILITIES					
Long-term liabilities					
Long-term borrowings from financial institutions	7.3, 18.1	8,398,920,948	7,717,759,083	8,398,920,948	7,717,759,083
Long-term borrowings from related parties	6.2, 7.3	24,931,759,206	23,907,474,750	24,931,759,206	23,907,474,750
Leases liabilities	7.3, 19	77,073,995,134	85,141,788,721	77,073,635,777	85,140,838,305
Debentures	7.3, 18.2	46,826,245,490	42,764,683,547	46,826,245,490	42,764,683,547
Trade and other non-current payables	6.2, 20	15,699,742,644	13,796,918,544	15,699,742,644	13,796,918,544
Staff pension fund	22	880,273,136	931,905,658	880,273,136	931,905,658
Non-current provisions for employee benefit	23	4,768,335,454	4,496,194,282	4,740,606,576	4,414,525,009
Other non-current provisions	24	29,340,225,624	26,776,840,778	29,340,225,624	19,848,841,569
Other non-current liabilities	6.4	17,414,882	12,207,708	-	1,883,304,922
Total Non-current Liabilities		207,936,912,518	205,545,773,071	207,891,409,401	200,406,251,387
TOTAL LIABILITIES		282,133,136,525	269,202,355,656	280,780,201,126	261,791,859,611

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

.....
(Mr.Chai Eamsiri)
Chief Executive Officer

.....
(Mrs.Cherdchome Therdsteerasukdi)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2023

UNIT : BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2023	As at December 31, 2022	As at December 31, 2023	As at December 31, 2022
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
33,682.46 million ordinary shares par value					
of Baht 10 each	31.2	<u>336,824,601,650</u>	<u>336,824,601,650</u>	<u>336,824,601,650</u>	<u>336,824,601,650</u>
Issued and paid-up share capital					
2,182.77 million ordinary shares par value					
of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Premium on ordinary shares		1,862,979,154	1,862,979,154	1,862,979,154	1,862,979,154
DEFICIT					
Unappropriated (deficit)		(75,879,961,389)	(103,848,403,956)	(76,017,935,576)	(96,236,279,467)
Other components of shareholders' equity		<u>8,975,379,114</u>	<u>9,074,992,677</u>	<u>8,975,377,743</u>	<u>9,052,333,160</u>
Total shareholders' equity attributable					
to owners of the Company (capital deficiency)		(43,213,883,951)	(71,082,712,955)	(43,351,859,509)	(63,493,247,983)
Non-controlling interests		71,403,232	58,076,529	-	-
TOTAL SHAREHOLDERS' EQUITY					
(CAPITAL DEFICIENCY)		(43,142,480,719)	(71,024,636,426)	(43,351,859,509)	(63,493,247,983)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>238,990,655,806</u>	<u>198,177,719,230</u>	<u>237,428,341,617</u>	<u>198,298,611,628</u>

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2023	2022	2023	2022
Revenues	32.1, 32.2				
Revenues from sales and rendering services	25, 30				
Passenger and excess baggage		132,736,296,515	73,408,336,989	123,199,606,036	64,861,663,334
Freight and mail		15,464,155,160	23,784,429,737	15,464,702,055	23,742,720,039
Other business		9,245,118,589	6,674,148,536	10,326,618,631	7,792,713,532
Total revenues from sales and rendering of services		157,445,570,264	103,866,915,262	148,990,926,722	96,397,096,905
Other income					
Interest income		1,395,867,754	65,581,603	1,391,491,244	64,628,633
Gain on sales of investments		2,510	16,132,150	2,510	16,132,150
Gain on debt restructuring	5.2.1	3,956,035,896	-	3,956,035,896	-
Other income	26	2,694,314,334	1,263,679,423	2,541,840,437	1,207,101,166
Total other income		8,046,220,494	1,345,393,176	7,889,370,087	1,287,861,949
Total Revenues		165,491,790,758	105,212,308,438	156,880,296,809	97,684,958,854
Expenses					
Aircraft fuel expenses		47,764,889,764	38,378,379,705	44,263,058,427	34,593,190,240
Employee benefits expenses		10,708,292,136	7,686,639,751	10,378,919,806	7,057,945,214
Flight service expenses		14,034,165,597	9,045,391,313	13,087,435,035	8,244,619,756
Crew expenses		3,999,632,400	2,601,237,567	3,658,000,299	2,245,318,666
Aircraft repair and maintenance costs		11,037,453,242	11,650,522,924	10,172,530,198	8,928,322,175
Depreciation and amortization expenses		11,389,087,654	9,880,894,144	10,728,820,383	8,562,601,157
Lease of aircraft and spare parts		2,967,110,628	5,226,737,469	2,907,698,886	5,140,568,427
Inventories and supplies expenses		5,882,380,107	2,875,564,311	5,615,276,738	2,647,134,569
Selling and advertising expenses		7,240,111,066	4,731,725,276	6,534,513,148	3,998,109,403
Impairment loss on assets (Reversal)	27	76,800,799	(9,520,673,393)	76,800,799	(9,520,673,393)
Loss on debt restructuring	5.2.1	-	5,238,410,546	-	5,238,410,546
Net foreign exchange loss		1,065,603,355	1,511,791,603	58,445,484	1,487,667,625
Loss on restructuring of business operation in aviation business	6.4	-	-	9,012,740,346	-
Other expenses		6,871,771,719	4,787,503,883	6,599,201,631	4,153,553,346
Total Expenses		123,037,298,467	94,094,125,099	123,093,441,180	82,776,767,731
Profit from operating activities		42,454,492,291	11,118,183,339	33,786,855,629	14,908,191,123
Finance costs		15,610,608,001	12,686,734,414	14,978,540,342	11,148,073,266
Impairment loss determined in accordance with TFRS 9 (Reversal)	28	106,278,977	112,948,211	(193,748,205)	2,514,074,153
Share of (gain) loss from investments in associates		(63,687,709)	4,304,893	-	-
Profit (loss) before income tax expense		26,801,293,022	(1,685,804,179)	19,002,063,492	1,246,043,704
Income tax income	29	1,322,013,880	1,434,193,377	1,342,547,612	1,450,554,558
PROFIT (LOSS) FOR THE YEARS		28,123,306,902	(251,610,802)	20,344,611,104	2,696,598,262

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

.....
(Mr.Chai Eamsiri)
Chief Executive Officer

.....
(Mrs.Cherdchome Therdsteerasukdi)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : BAHT

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2023	2022	2023	2022
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on revaluation of assets		-	-	-	-
Income tax relating to revaluation of assets		-	-	-	-
Gains (loss) on investment in equity designated at fair value through other comprehensive income		(30,636,204)	36,870,104	(7,978,058)	15,229,032
Income tax related to investment in equity designated at fair value through other comprehensive income		1,595,612	(3,045,807)	1,595,612	(3,045,807)
Actuarial gains (loss) on employee benefit obligations	23	(247,728,843)	592,791,998	(246,050,230)	569,859,198
Income tax related to actuarial gains on employee benefit obligations		49,210,046	(113,971,840)	49,210,046	(113,971,840)
Total components of other comprehensive income that will not be reclassified to profit or loss		(227,559,389)	512,644,455	(203,222,630)	468,070,583
Other comprehensive income for the years - net of tax		(227,559,389)	512,644,455	(203,222,630)	468,070,583
Total comprehensive income for the years		27,895,747,513	261,033,653	20,141,388,474	3,164,668,845
Profit (loss) attributable to					
Owners of the parent		28,096,388,393	(272,248,251)	20,344,611,104	2,696,598,262
Non-controlling interests		26,918,509	20,637,449	-	-
		28,123,306,902	(251,610,802)	20,344,611,104	2,696,598,262
Total comprehensive income attributable to					
Owners of the parent		27,868,829,004	240,396,204	20,141,388,474	3,164,668,845
Non-controlling interests		26,918,509	20,637,449	-	-
		27,895,747,513	261,033,653	20,141,388,474	3,164,668,845
Profit (loss) per share					
Number of ordinary shares (shares)		2,182,771,917	2,182,771,917	2,182,771,917	2,182,771,917
Basic earnings (loss) per share (Baht per share)		12.87	(0.12)	9.32	1.24

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

.....
(Mr.Chai Eamsiri)
Chief Executive Officer

.....
(Mrs.Cherdchome Therdsteerasukdi)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : BAHT

Consolidated financial statements									
Notes	Shareholders' equity attributable to owners of the Company							Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Share Capital	Premium on Shares	Deficit Unappropriated	Other components of shareholders' equity			Total Shareholders' equity attributable to owners of the parent company		
				Other comprehensive income (loss)					
				Surplus on revaluation assets - net of tax	Gains (losses) on remeasuring equity securities at fair value through other comprehensive income	Total other components of shareholders' equity			
Balance as at January 1, 2022	21,827,719,170	1,862,979,154	(104,673,778,434)	9,650,207,226	9,763,725	9,659,970,951	(71,323,109,159)	72,630,880	(71,250,478,279)
Changes in Shareholders' Equity									
Dividends paid	-	-	-	-	-	-	-	(35,100,000)	(35,100,000)
Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	(91,800)	(91,800)
Transfer capital surplus from valuation of sold ass 31	-	-	618,802,571	(618,802,571)	-	(618,802,571)	-	-	-
Total comprehensive income for the year	-	-	206,571,907	-	33,824,297	33,824,297	240,396,204	20,637,449	261,033,653
Balance as at December 31, 2022	21,827,719,170	1,862,979,154	(103,848,403,956)	9,031,404,655	43,588,022	9,074,992,677	(71,082,712,955)	58,076,529	(71,024,636,426)
Balance as at January 1, 2023									
Balance as at January 1, 2023	21,827,719,170	1,862,979,154	(103,848,403,956)	9,031,404,655	43,588,022	9,074,992,677	(71,082,712,955)	58,076,529	(71,024,636,426)
Changes in Shareholders' Equity									
Dividends paid	-	-	-	-	-	-	-	(13,500,006)	(13,500,006)
Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	(91,800)	(91,800)
Transfer capital surplus from valuation of sold ass 31	-	-	70,572,971	(70,572,971)	-	(70,572,971)	-	-	-
Total comprehensive income (loss) for the year	-	-	27,897,869,596	-	(29,040,592)	(29,040,592)	27,868,829,004	26,918,509	27,895,747,513
Balance as at December 31, 2023	21,827,719,170	1,862,979,154	(75,879,961,389)	8,960,831,684	14,547,430	8,975,379,114	(43,213,883,951)	71,403,232	(43,142,480,719)

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

.....
(Mr.Chai Eamsiri)
Chief Executive Officer

.....
(Mrs.Cherdchome Therdsteerasukdi)
Chief, 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, 2023

UNIT : BAHT

Separate financial statements							
Notes	Issued and Paid-up Share Capital	Premium on Shares	Deficit Unappropriated	Other components of shareholders' equity			Total Shareholders' Equity
				Surplus on revaluation assets - net of tax	Gain (loss) on remeasuring equity securities at fair value through other comprehensive income	Total other components of shareholders' equity	
Balance as at January 1, 2022	21,827,719,170	1,862,979,154	(100,007,567,657)	9,650,207,226	8,745,279	9,658,952,505	(66,657,916,828)
Changes in Shareholders' Equity							
Transfer capital surplus from valuation of sold asset	31	-	-	618,802,571	(618,802,571)	(618,802,571)	-
Total comprehensive income for the year	-	-	3,152,485,620	-	12,183,225	12,183,225	3,164,668,845
Balance as at December 31, 2022	21,827,719,170	1,862,979,154	(96,236,279,466)	9,031,404,655	20,928,504	9,052,333,159	(63,493,247,983)
Balance as at January 1, 2023	21,827,719,170	1,862,979,154	(96,236,279,466)	9,031,404,655	20,928,504	9,052,333,159	(63,493,247,983)
Changes in Shareholders' Equity							
Transfer capital surplus from valuation of sold asset	31	-	-	70,572,971	(70,572,971)	(70,572,971)	-
Total comprehensive income (loss) for the year	-	-	20,147,770,919	-	(6,382,445)	(6,382,445)	20,141,388,474
Balance as at December 31, 2023	21,827,719,170	1,862,979,154	(76,017,935,576)	8,960,831,684	14,546,059	8,975,377,743	(43,351,859,509)

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

(Mr.Chai Eamsiri)
Chief Executive Officer

(Mrs.Cherdchome Therdsteerasukdi)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : BAHT

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (Loss) for the years		28,123,306,902	(251,610,802)	20,344,611,104	2,696,598,262
Adjustment to reconcile profit and loss					
Income tax		(1,322,013,880)	(1,434,193,377)	(1,342,547,612)	(1,450,554,558)
Depreciation and amortization		11,389,087,654	9,880,894,144	10,728,820,383	8,562,601,157
Dividend received		(1,046,315)	(6,344)	(18,134,176)	(42,906,176)
Share of (gain) loss from associates using the equity method		(63,687,709)	4,304,893	-	-
Interest income		(1,395,867,754)	(65,029,136)	(1,391,491,244)	(64,076,165)
Finance costs		15,610,608,001	12,686,734,414	14,978,540,342	11,148,073,266
Gain on disposal of assets		(469,019,213)	(783,383,072)	(468,945,606)	(783,383,072)
Gain on sale of investments		(2,510)	(16,132,150)	(2,510)	(16,132,150)
(Gain) Loss arising from financial asset designated at fair value through profit or loss		101,987,539	(83,432,071)	101,987,539	(83,432,071)
Unrealized (gain) loss on foreign exchange rates		(1,246,404,663)	3,688,702,815	(1,517,461,974)	4,337,448,630
Provisions for pension fund	22	65,738,633	25,370,932	65,738,633	25,370,932
Provision for employee benefits	23	213,624,188	99,877,973	269,303,087	83,619,436
Provision for long-term aircraft maintenance		2,455,101,109	3,525,086,542	1,680,925,729	3,220,610,218
Loss on inventories and supplies obsolescence (Reversal)		(278,901,232)	5,004,893	(278,901,232)	5,004,893
Impairment loss determined in accordance with TFRS 9 (Reversal)	28	106,278,977	112,948,211	(193,748,205)	2,514,074,153
Loss on termination of lease contract (Reversal)		(27,060,247)	69,862,722	(27,045,094)	69,862,722
Loss on write off asset		4,742,034	17,675,360	4,742,034	17,675,360
(Gain) Loss on debt restructuring		(3,956,035,896)	5,238,410,546	(3,956,035,896)	5,238,410,546
Loss on restructuring of business operation in aviation bu:	6.4	-	-	9,012,740,346	-
Impairment loss on asset (Reversal)	27	76,800,799	(9,520,673,393)	76,800,799	(9,520,673,393)
Profit from operating before changes in operating assets and liabilities		49,387,236,417	23,200,413,100	48,069,896,447	25,958,191,990
Operating assets decrease (increase)					
Trade and other current receivables		(3,510,939,337)	(7,963,364,783)	(3,230,054,275)	(7,099,607,224)
Lease receivables		-	-	354,898,347	622,366,586
Inventories and supplies		(494,111,616)	(322,403,502)	(514,886,463)	(318,467,744)
Other current assets		746,293,146	(234,517,310)	746,475,318	(203,253,695)
Maintenance reserves		(686,711,571)	(43,364,711)	(686,711,571)	(201,994,656)
Other non-current financial assets		(32,278,522)	144,860,409	(32,411,522)	145,301,203
Other non-current assets		(3,677,320,488)	1,701,824,691	(3,654,989,191)	1,651,058,591

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

.....
(Mr.Chai Eamsiri)
Chief Executive Officer

.....
(Mrs.Cherdchome Therdsteerasukdi)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : BAHT

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Operating liabilities increase (decrease)					
Trade and other payables		547,596,621	(4,189,134,226)	590,689,120	(8,426,520,807)
Deferred revenues		1,832,244,220	17,926,066,366	2,152,732,763	17,927,687,335
Other current liabilities		223,589,435	(634,508,278)	224,798,846	(648,119,186)
Staff pension fund		(114,570,736)	(118,114,828)	(114,570,736)	(118,114,828)
Employee benefit paid		(189,401,751)	(159,202,788)	(189,271,751)	(157,992,388)
Other non-current liabilities		68,187,553	(91,492,234)	63,080,589	(91,959,893)
Net cash provided by operations		44,099,813,371	29,217,061,906	43,779,675,921	29,038,575,284
Income tax paid		(394,198,970)	(328,675,148)	(349,267,292)	(317,595,696)
Income tax refund		199,243,089	219,041,639	199,243,089	199,768,202
Net cash flows provided by operating activities		43,904,857,490	29,107,428,397	43,629,651,718	28,920,747,790
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for purchase other current financial assets		(14,189,251,300)	-	(14,090,577,500)	-
Deposit received from sale of asset		170,039,658	195,979,527	170,039,658	195,979,527
Cash paid for purchase of property, plant and equipment		(5,025,885,698)	(206,896,041)	(5,011,749,828)	(195,634,384)
Cash paid for purchase of intangible assets		(147,377,069)	(27,718,804)	(136,028,681)	(6,929,861)
Cash received from sales of assets		2,250,690,734	2,318,679,444	2,250,690,734	2,318,679,444
Cash received from sales of investments		2,142,510	64,629,569	14,010	67,836,669
Interest received		1,159,008,482	56,353,974	1,155,442,357	55,401,003
Dividend received		21,486,874	35,576	38,574,705	42,906,176
Net cash flows provided by (used in) investing activities		(15,759,145,809)	2,401,063,245	(15,623,594,545)	2,478,238,574
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for long-term borrowings					
from related party	7.3	(453,754,166)	-	(453,754,166)	-
Cash received from short-term borrowings from related party	7.3	-	39,000,000	-	-
Cash paid for short-term borrowings from related party	7.3	(39,000,000)	-	-	-
Cash paid for lease liabilities	7.3	(8,947,326,206)	(1,802,524,298)	(8,937,829,550)	(1,792,321,122)
Dividend paid		-	(15,384)	-	-
Dividend of subsidiary paid to non-controlling interests		(13,530,600)	(35,115,216)	-	-
Net cash flows used in financing activities		(9,453,610,972)	(1,798,654,898)	(9,391,583,716)	(1,792,321,122)
Net increase in cash and cash equivalents					
before effect of exchange rate		18,692,100,709	29,709,836,744	18,614,473,457	29,606,665,242
Effects of exchange rate changes on cash and cash equivalents		(282,065,732)	(665,939,327)	(286,924,526)	(667,646,853)
Effects of reversal of impairment loss determined in accordance with TFRS 9 on cash and cash equivalents		(10,365,353)	(18,757,445)	(10,365,353)	(18,757,445)
Cash and cash equivalents at beginning of the years	7.1	34,539,793,772	5,514,653,800	34,042,074,166	5,121,813,222
Cash and cash equivalents at ending of the years	7.1	52,939,463,396	34,539,793,772	52,359,257,744	34,042,074,166

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

.....
(Mr.Chai Eamsiri)
Chief Executive Officer

.....
(Mrs.Cherdchome Therdsteerasukdi)
Chief, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Notes	Contents
1	General information and operations and going concerns
2	Basis of preparation and presentation of the financial statements
3	Significant accounting policies
4	Critical accounting judgements and key source of estimation uncertainty
5	Rehabilitation plans
6	Related parties transactions
7	Additional cash flow information
8	Trade and other current receivables
9	Inventories
10	Other current financial assets
11	Non-current assets classified as held for sale
12	Investments
13	Property, plant and equipment
14	Right-of-use assets
15	Deferred taxes assets
16	Maintenance reserves
17	Other non-current assets
18	Interest-bearing liabilities
19	Lease liabilities
20	Trade and other payables
21	Deferred revenue
22	Staff pension fund
23	Non-current provisions for employee benefits
24	Other non-current provisions
25	Revenues
26	Other income
27	Impairment loss on assets (reversal)
28	Impairment loss determined in accordance with TFRS 9 (reversal)
29	Income tax income
30	Promotional privileges
31	Shareholders' equity
32	Operating segment
33	Provident fund
34	Financial instruments
35	Commitments and contingent liabilities
36	Dispute and significant litigations
37	Approval of the financial statements

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION AND OPERATIONS AND GOING CONCERNS

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 Sub-District, Chatuchak District, Bangkok, Thailand.

As at December 31, 2023 and 2022, the Company’s major shareholder and ultimate parent company is the Ministry of Finance by holding 47.86% of the Company’s issued and paid-up shares.

The Company’s principal activities are the operation of airline business and business units which related directly with transportation. As at December 31, 2023, the Company had the routes network servicing to 54 destinations in 24 countries all over the world, whereas 3 destinations were domestic (excluding Bangkok).

As at December 31, 2022, the Company had the routes network servicing to 33 destinations in 23 countries all over the world, and Thai Smile Airways Company Limited, a subsidiary, had the routes network servicing to 23 destinations in 8 countries, whereas 10 destinations were domestic (excluding Bangkok).

On May 26, 2020, the Company submitted a petition to enter into a business rehabilitation process and proposed the rehabilitation planner (“the Planners”) to the Central Bankruptcy Court. On May 27, 2020, the Central Bankruptcy Court accepted the business rehabilitation petition for further consideration. Subsequently, on June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan and the amendment petitions in accordance with the resolution of the creditors’ meeting on May 19, 2021. As a result, the nomination of the Plan Administrator, whose names were proposed according to the business rehabilitation plan and the amendment petitions became the Plan Administrators. The 2 of the Plan Administrators are authorized to jointly sign to bind the Company. The Plan Administrators are authorized to operate the business, manage the Company’s assets, and implement the business rehabilitation plan. The essential parts of the business rehabilitation plan are capital restructuring, debt repayment of each class of the creditors, and the completion of the business rehabilitation plan.

Subsequently, on July 1, 2022, the Plan Administrator submitted the petition for plan amendment to the Official Receiver. On September 1, 2022, the Official Receiver arranged the creditors’ meeting and the creditors accepted the proposal for plan amendment. Finally, October 20, 2022, the Central Bankruptcy Court issued an order approving on proposal for plan amendment. The details of the revision of the business rehabilitation plan are disclosed in Note 5.

As at December 31, 2023, the Company and its subsidiaries (the “Group”) have the capital deficiency by Baht 43,142 million and by Baht 43,352 million in the consolidated and separate financial statements, respectively. However, the Company’s management believes that the preparation of financial statements on going concern basis is still appropriate because the Company is in the process of business rehabilitation. During this period, the Company is able to continue its necessary activities for operation as usual in order to enable the Company to continue as a going concern for at least 12 months from the date in the statements of financial position. The Company’s ability to continue as going concern is subjected to ability to implement the plan and to rehabilitate according to all conditions as specified in the rehabilitation plan and reorganize the business operation appropriately in term of flight route planning, the number of flights and management of aircraft in the fleet in responding to such recovering situation of the airline business in order to maintain the appropriate financial liquidity.

Between 2020 and 2022, the Company submitted a request for rehabilitation of the Company's business and implemented the rehabilitation plan and the latest revised rehabilitation plan which was approved on October 20, 2022. The essence of the rehabilitation plan is adjustment. Capital structure Incurring debt and raising capital Debt repayment by group of creditors and the success of the rehabilitation plan as disclosed in Note 5.

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, 2022 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 Statements (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 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, 2023	As at December 31, 2022
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	74	74
Held by the subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
Tour Eurng Luang Company Limited	Tourism Business	Thailand	49 ⁽¹⁾	49 ⁽¹⁾

⁽¹⁾ The Group has ownership interest 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.

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

During the year, the Group has adopted the revised financial reporting standards issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2023. 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 clarification of accounting requirements. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

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

Thai Financial Reporting Standard which will be effective for the financial statements for the period beginning on or after January 1, 2024, onwards

The revised TFRSs are mostly the revision of wording and terminology and clarification of accounting requirements. TFRSs which have been amended and are relevant to the Group are as follows:

Thai Accounting Standard No.1 “Presentation of Financial Statements”

The amendments change the requirements regarding the disclosure of accounting policies from “significant accounting policies” to “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Thai Accounting Standard No.8 “Accounting Policies, Changes in Accounting Estimates and Errors”

The amendments change the definition of accounting estimates to be “monetary amounts in financial statements that are subject to measurement uncertainty”, to help an entity to be able to segregate the difference of “change in accounting estimates” from “change in accounting policies”.

Thai Accounting Standard No.12 “Income Taxes”

The amendments add the requirements for the initial recognition of deferred tax, which give rise to equal taxable and deductible temporary differences such as right-of-use assets and lease liabilities and decommissioning obligation. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. At the beginning of the earliest comparative period, an entity recognizes a deferred tax asset, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, and a deferred tax liability for all deductible and taxable temporary differences associated with such transactions.

In addition, such amendments also add the exemption for the International Tax Reform - Pillar Two Model. An entity should not recognize and not disclose the deferred tax assets and deferred tax liability which are relevant to Pillar Two income tax.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of the consolidated 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 consolidated 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, 2023 and 2022 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 statements 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 banks 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

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 3.7.

3.5 Inventories

Inventories consisting of aircraft spare parts, engine, ground equipment, 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 or net realizable value, and inventories in transit are presented at cost on the purchase date.

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 or asset class 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 Financial instruments

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 principle and interest on the principle 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.

(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 34.

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, other 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 and other 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 statements 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 statements 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 investment 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. Furthermore, derecognized financial liabilities are recognized initially at the market rate, subsequently to the derecognition.

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.

The Group has considered the market interest rate from reference interest rates in countries with risk levels similar to those of the Group. The reference interest rate is adjusted for other factors that are comparable to the Company's risk, such as the contract's remaining term, industry risk adjusted for country risk, and the difference between secured and unsecured loan risk.

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.

3.8 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 statements 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 as liabilities 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 statements 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 or when a Group lacks significant influence over that Company.

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 statements 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 statements of comprehensive income.

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

3.9 Property, plant and equipment

Recognition and measurement

Land is presented at a revalued amount using market approach method. The revaluation was done by the independent appraiser. The revaluation shall be made every 5 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 improvement, buildings under 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.

Building is presented at a revalued amount using cost approach method. The revaluation was done by the independent appraiser. The revaluation shall be made every 5 years or considered if there is any changes that affect the fair value of building 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.

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 or 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 statements 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 statements 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 statements 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 lease agreement	10 - 50 years
Aircraft	20 years
Aircraft under lease agreement	2 - 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.

3.10 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, 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 statements 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.

3.11 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 statements 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 statements 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.

3.12 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.

3.13 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 statements 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 statements 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 statements of profit or loss and other 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 statements of profit or loss and other comprehensive income.

Past service cost related to the plan amendment is recognized as an expense in the statements of profit or loss and other comprehensive income 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 statements 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.

3.14 Revenue recognition

3.14.1 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 redeems 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

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 together with the unearned transportation revenue (Liabilities) 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.

3.14.2 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.

3.14.3 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.

3.14.4 Dividend income

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

3.14.5 Interest income and other income

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

3.15 Expense recognition

Expenses are recognized on an accrual basis.

3.16 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 statements of profit or loss and other comprehensive income using the effective interest method.

3.17 Leases

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 statements 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 new 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 Thai Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets. 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.

1. The Group applies Thai Accounting Standard 36 Impairment of Assets 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.
2. Variable rents that do not depend on an index or rate are not included in the measurement 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 “Lease of aircraft and spare part” in profit or loss.
3. As a practical expedient, International Financial Reporting Standard 16 Leases 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 to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

3.18 Income tax expense

Income tax expense for the year comprises of current income tax and deferred tax. Current income tax and deferred tax are recognized as income or expenses in the statements 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 statements; the initial recognition of assets or liabilities in a transaction in the consolidated financial statements 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.

3.19 Earnings (losses) per share

The calculations of basic earnings (losses) per share for the year are based on the profit (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 profit (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.

3.20 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 considers 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, 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 Impairment of assets

At the end of each reporting period, the Group will test for impairment of aircraft, rotatable aircraft spare part and right-of-use asset when there is an indicator that the asset may be impaired. The Group and the 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 adjusted by fair value of inflation 2% which is considered from information and maintenance record, including appraiser database. In case of 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 estimations 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 calculated by an estimated future cash inflow which consists of 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 calculated by 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 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 interest rate that the Group would have to pay for borrowing over a similar term, and with a similar security, the necessary fund to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

4.6 Market interest rate for discounting cash flows for the derecognition of financial liabilities.

The Group exercised judgment to use the market interest rate in discounting cash flows for the derecognition of financial liabilities to measure the fair value of each contract after debt restructuring under the rehabilitation plan. This market interest rate reflects the Company's current financial cost. The reference interest rate is adjusted with other factors that are comparable to the Company's risk, i.e., the remaining term of the contract, aviation industry risk adjusted by country risk and the difference between secured and unsecured loan risk.

4.7 Fair value appraisal of land

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

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

4.8 Fair valuation of buildings and structures

The fair value of the Company's buildings and structures was assessed by an independent appraiser using the Cost Approach method.

Independent building appraiser analyzed by using key principles which are cost estimation for the construction of a new replacement building in accordance with the construction price as of the appraisal date, minus the depreciation over the period of use of the property, as well as consider various factors that related to the assessment such as nature of legal rights, property characteristics, suitability of usage. Also, inflation market conditions and economic conditions affect the projected construction cost per unit which used in calculation of asset value. Physical deterioration of an asset depends on the structure of the asset, different environments, and usage, including building maintenance that affects the useful life of the building.

5. REHABILITATION PLANS

5.1. Essential parts of the business rehabilitation plan

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

5.1.1 Capital Restructuring

The capital restructuring can be summarized as follows:

- (1) The Company will increase its registered capital for an amount up to Baht 216,773,146,220 by issuing newly ordinary shares up to 21,677,314,622 shares with the par value of Baht 10 per share. The Company will allocate the newly issued ordinary shares as follows:
 - (a) To allot newly issued ordinary shares, not exceeding 4,911,236,813 shares with the par value of Baht 10 per share, for supporting the exercise of the right of a new financial supporter to purchase them in accordance with the share option agreement at the price of Baht 2.5452 per share.

In the case that there is remaining newly issued ordinary share prescribed (a), in any case, the remaining newly issued ordinary share shall be allocated to Class 5 Financial institution Creditors assigned to receive residual proceeds from the disposal of aircraft, Class 6 Unsecured financial institution Creditors, and Creditors Class 18 – 31 Bond Creditor. These creditors can express the intention to exercise the right to convert their existing debt of the creditors under the business rehabilitation plan into the newly issued ordinary shares up to the amount that each creditor is entitled to for debt repayment from cash flow under the business rehabilitation plan at the price of Baht 2.5452 per share. In the case that Class 5 Creditor, Class 6 Creditor, and Class 18-31 Creditor exercising the right to convert the existing debt of the creditor under the business rehabilitation plan exceeding the newly issued ordinary share which can be allotted, the allocation and sale of the Company's newly issued ordinary share shall be on a pro rata basis. However, in the case that Class 5 Creditor, Class 6 Creditor and Class 18-31 Creditor do not exercise the said right or exercise the said right not to the full amount of the remaining newly issued ordinary share, the remaining share shall be further allocated.

- (b) To allot newly issued ordinary share, not exceeding 14,862,369,633 shares with the par value of Baht 10 per share, for the debt repayment to the creditors under the business rehabilitation plan by conversion of the debt to a newly issued ordinary share under the following conditions:
- To repay the outstanding principal of Class 4 Creditor for Baht 12,827,461,287 by conversion of this debt into the newly issued ordinary share, not exceeding 5,039,896,007 shares, at Baht 2.5452 per share.
 - To repay the outstanding principal of Class 5 Creditor, Class 6 Creditor and Class 18-31 Creditor at 24.50 percent of the principal of each creditor in accordance with the Final Debt Repayment Order, by the newly issued ordinary share, not exceeding 9,822,473,626 shares, at Baht 2.5452 per share.
- (c) To allot the newly issued ordinary share, not exceeding 1,903,608,176 shares with the par value of Baht 10 per share, for support the exercise of the right to convert the suspended new interest of the Class 4 Creditor, Class 5 Creditor, Class 6 Creditor, and Class 18-31 Creditor into the newly issued ordinary share at Baht 2.5452 per share.
- (2) The Company will increase registered capital, up to Baht 98,224,736,260, by newly issue ordinary shares not exceeding 9,822,473,626 shares with the par value of Baht 10 per share, for the allocation and sale of the Company's newly issued ordinary share to the existing shareholder as per their proportion of shares at the price that the Plan Administrator consider approve. However, the price must not be lower than Baht 2.5452 per share, in order to receive no less than Baht 25,000,000,000. The allocation and sale will not be made to the shareholder who will create liability to the Company under foreign laws (Preferential Public Offering - PPO). The sale of shares must be made to the existing shareholder for the amount not lower than 228,108,476 shares for maintaining the proportion of the existing shareholder to not be lower than 10 percent of the paid registered capital after the capital restructuring. This is one of the criteria on which the Company can be traded on the stock exchange again and in accordance with the guideline for resolving the revocation of ordinary share from being registered securities in the Stock Exchange of Thailand.

In the case that no existing shareholder exercises the right to purchase the newly issue ordinary share, or the existing creditor do not purchase it in the full amount, the remaining share shall be sold to people in the following order:

1. Employee Stock Option Program (ESOP) at the time of the sale and at the same price as offered to the existing shareholder under this clause.
2. In the case that the Company's employee does not purchase the full amount of the remaining newly issued ordinary share from the allotment and sale to the existing shareholder, the remaining share shall be sold in Private Placement (PP) at the same price as offered to the existing shareholder under this clause.
3. Allotment and sale of the newly issued ordinary share to the new facility, debt-to-equity conversion, and the Preferential Public Offering (PPO) and/or Employee Stock Option Program (ESOP) and/or Private Placement (PP) must be completed by December 31, 2024.

5.1.2 Debt financing and capital mobilization, including source of funds and conditions of the debt and capital

The amendment of this part where the new facility amount is decreased to not exceeding Baht 25,000 million. The new facility will be used as working capital, costs for normal operation, capital expenditure for the Company and its subsidiaries, maintenance of the Company's assets, maintenance and development of internal management system, information technology and commercial systems, and adjustment of aircraft fleet in accordance with the market situation and airline business which may be changed. In addition, the Plan Administrator has an authority for the debt financing as it sees fits and necessary for the Company's business operation. The debt financing will be as follows:

- Long-term loan up to 6 years and/or a bond with maturity period not less than 6 years, for the amount up to Baht 12,500 million.
- Revolving facility and/or bond with maturity period less than 6 years, for the amount up to Baht 12,500 million.

5.1.3 Debt repayment of each class of the creditors

The Business Rehabilitation Plan classified creditors into 36 groups, consisting of 1 group of secured creditors and 35 groups of unsecured creditors. Each class of the creditors had different payment method, term, debt repayment period and related interest as specified in the business rehabilitation plan. Such debt may alter, depending on the Final Order for debt repayment from the Official Receiver and/or the Court (as the case may be) and the business rehabilitation plan specified the debt repayment shall be made in compliance with the Final Order of the Official Receiver, the Central Bankruptcy Court, the Court of Appeal for Specialized Case, or the Supreme Court (as the case may be).

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

Debt Repayment Methods

- (1) Class 1 Secured Creditors (Only the creditors who has THAI's asset as a collateral under business security contract)

The amendment of this part is an adding the debt repayment means, at first the Company had to sell the collateralized aircraft in order to repay the debt only, by this amendment, the Company shall have additional right to repay the debt from cash flow which received from the business operation. This will allow the Company to return the collateralized aircraft for using in business operation, if it is appropriate and create benefit to the Company in overall.

- (2) Class 4 Loan creditors from major shareholders that are not financial institutions

The amendment of this part is a change of debt repayment methods to Class 4 Creditors from at first the repayment will be made to them by cash until the payment is made in full in the 12th year of the business rehabilitation plan, change to the repayment by means of debt-to-equity conversion of the whole principal at Baht 2.5452 per share, and the repayment will be made within the year 2024.

- (3) Class 5 Financial institution Creditors assigned to receive residual proceeds from the disposal of aircraft, Class 6 Unsecured Financial Institution Creditors, and Creditors No. 18 - 31 Bond Creditor

The amendment of this part is a change of debt repayment methods, from at first, they will be repaid by cash in full in the year 12th to 15th of the business rehabilitation plan (depending on the class of creditors), change to the repayment by methods of a conversion of the principal under the business rehabilitation plan for 24.50 percent of each creditors' outstanding debt according to the final Debt Repayment Order to a newly issued ordinary share, at Baht 2.5452 per share, and the repayment will be made within the year 2024. The remain outstanding debt will be repaid by the cash flow as specified period in the business rehabilitation plan which the Court already approved. Furthermore, the amendment stipulates that the creditors shall be entitled to an interest of the outstanding principal which will be repaid by a debt-to-equity conversion to a newly issued ordinary share, during the period that the debt-to-equity conversion has not yet been made. The interest rate will be an average of a new interest rate under the business rehabilitation plan which the Court already approved. Moreover, the amendment added a new interest rate from the outstanding principal which will be repaid by the cash flow in the second half of the year 13th of the business rehabilitation plan until the payment is made in full (for Class 5 and Class 6 Creditors) and in the last two year of the maturity period of bonds under the business rehabilitation plan (for the Class 18 - 31 Creditors) by adding the interest at the rate of 0.25 percent per annum to the original rate.

- (4) Class 9 Ticket refund Creditors

The amendment of this part is a detail adding on the ticket refund procedure and the refundable amount in accordance with the value recorded in the Company's system in which is an actual value that the Company earned by selling such ticket, and to be in consistent with the Company's practice in business operation. The debt repayment period remains the same as specified in the Plan which the Court already approved which are every ticket refund creditor will be repaid by March 31, 2024.

5.1.4 Business Rehabilitation Plan Completion

The rehabilitation process of the Company shall be considered as completion upon the following:

- (1) The Company registers the capital increase as specified conditions stated in the business rehabilitation plan.
- (2) The Company implements the business rehabilitation plan without any default.
- (3) The Company has earnings before interest, tax, depreciation, and amortization (“EBITDA”) from operation after deducting cash outflow for aircraft lease liabilities repayment under the aircraft lease agreement, not less than Baht 20,000 million for 12 months before reporting of successful outcome of the business rehabilitation plan being reported to the Court and the shareholder’s equity is positive and
- (4) The Company appoints new directors, in case there is change in shareholders as specified condition stated in the business rehabilitation plan.

5.2 Implementation of the business rehabilitation plan

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

After the Central Bankruptcy Court had issued an order to approve the business rehabilitation plan and the amendment petitions in accordance with the resolution of the creditors’ meeting held on May 19, 2021. The Company processed the adjustment of capital structure and debt restructuring by an Order received from the Official Receiver.

On July 8, 2021, the Plan Administrator’s meeting No. 5/2021 passed the resolution to approve the decrease of registered share capital of Baht 26,989,009,500 to Baht 21,827,719,170 by writing off the unissued and unsold share of 516,129,033 shares as stipulated in the rehabilitation plan. The Company submitted a petition to the Central Bankruptcy Court for requesting the Central Bankruptcy Court’s approval to the Plan Administrators to decrease the Company’s registered share capital and completed the registration with the Department of Business Development, Ministry of Commerce, on August 17, 2021.

For financial liabilities measured at amortized cost, using the effective interest method and determined whether there is material difference between pre-adjusted and post-adjusted of financial liabilities. Financial liabilities with material differences will recognize as the new financial liabilities at fair value by discount cash flow method, using market rate. Different amount between carrying amount of original financial liabilities and present value of new financial liabilities will be recognized as gain on debt restructuring in the statements of profit or loss and other comprehensive income. If such new financial liabilities do not have material difference, the Company will recognize the modified financial liabilities by discount cash flow, using original effective interest rate. The difference is recognized as gain on debt restructuring in the statements of profit or loss and other comprehensive income.

5.2.1.1 Value of assets and liabilities recorded as at December 31, 2023 have been adjusted in accordance with the business rehabilitation plan as follow:

- (1) The Company received an Order from the Official Receiver to pay debt to certain trade payables and other payables and certain loan creditors. The Company adjusted such trade payables and other payables and loan creditors according to principal debt, maturity date and interest rate in accordance with the business rehabilitation plan and an order from the Official Receiver (see Note 20), resulting the Company recognized loss from liabilities adjustment in accordance with an Order from the Official Receiver in amount of Baht 321 million, and recognized gain on derecognition of financial liabilities measured at amortized cost in amount of Baht 1,749 million for the substantial modification in value of liabilities as the recognition of new financial liabilities.
- (2) The Company terminated the Declaration of Onerous Contracts of 7 aircrafts under the financial lease agreement and delivered 7 aircrafts to the lessor. The Company adjusted right-of-use asset, lease liabilities, payable under lease agreement and relevant expenses. As a result, the Company recognized gain on debt restructuring of Baht 2,528 million.

Gains (loss) on debt restructuring for the year ended December 31, 2023 in the consolidated and separate financial statements are as follow:

Unit : Million Baht

Gain on derecognition of financial liabilities measured at amortized cost (see Note 5.2.1.1 (1))	1,749
Loss on liabilities adjustment in accordance with an Order from the Official Receiver (see Note 5.2.1.1 (1))	(321)
Gain from termination of onerous contract (see Note 5.2.1.1 (2))	2,528
Total	<u><u>3,956</u></u>

5.2.1.2 Assets and liabilities recorded as at December 31, 2022 have been adjusted in accordance with the business rehabilitation plan as follow:

- (1) The Company received an Order from the Official Receiver to pay debt to certain trade payables and other payables and certain loan creditors. The Company adjusted such trade payables and other payables and loan creditors according to principal debt, maturity date and interest rate in accordance with the business rehabilitation plan and an order from the Official Receiver, resulting the Company recognized gain from liabilities adjustment in accordance with an Order from the Official Receiver in amount of Baht 1,052 million, and recognized gain on derecognition of financial liabilities measured at amortized cost in amount of Baht 6,232 million for the substantial modification in value of liabilities as the recognition of new financial liabilities.

- (2) The Company adjusted the finance leases and operating leases by changing the rental rate, reference interest rate, and terms and conditions for payment schedule in accordance with amendment agreement with the lessor for 6 aircrafts under finance lease and 10 aircrafts under operating lease resulted in changing in value of right-of-use assets and lease liabilities (see Notes 14 and 19).

In addition, the Company adjusted maintenance reserve, security deposit and lease liabilities that incurred before September 14, 2020 for the aforementioned operating lease agreement and recognized loss on debt restructuring of Baht 475 million.

- (3) The Company terminated the Declaration of Onerous Contracts of 9 aircrafts under the financial lease agreement and delivered 5 aircrafts to the lessor. The Company adjusted right-of-use asset, lease liabilities, payable under lease agreement and relevant expenses. As a result, the Company recognized loss on debt restructuring of Baht 1,923 million.
- (4) The Company has adjusted the loan creditors and bond creditors according to principal debt, maturity date and interest rate in accordance with the business rehabilitation plan amendment as approved by the Central Bankruptcy Court (see Notes 5.1.3(2) and 5.1.3(3)). As a result, the Company recognized loss on debt restructuring of Baht 10,124 million.

Gains (loss) on debt restructuring for the year ended December 31, 2022 in the consolidated and separate financial statements are as follow:

Unit : Million Baht

Gain on derecognition of financial liabilities measured at amortized cost (see Note 5.2.1.2 (1))	6,232
Gain on liabilities adjustment in accordance with an Order from the Official Receiver (see Note 5.2.1.2 (1))	1,052
Loss from adjustment of assets and liabilities in accordance with the amendment lease agreement (see Note 5.2.1.2 (2))	(475)
Loss from termination of onerous contract (see Note 5.2.1.2 (3))	(1,923)
Loss on liabilities adjustment in accordance with the business rehabilitation plan amendment (see Note 5.2.1.2 (4))	(10,124)
Total	<u>(5,238)</u>

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

For trade and other payables, loan creditors, shareholder creditors, aircraft lease creditors and aircraft finance lease creditors, the Company is in the debt's verification process with the Official Receiver and will be adjusted upon receiving an order from the Official Receiver. The Company's management is in the process to consider the impact to liabilities which may be changed when the debt verification with the Official Receiver is completed.

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 person or 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, 2023 are 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.	Export-Import Bank of Thailand	Commercial Bank	Thailand	Common shareholders
4.	Islamic Bank of Thailand	Commercial Bank	Thailand	Common shareholders
5.	Krung Thai Bank Public Company Limited	Commercial Bank	Thailand	Common shareholders
6.	Thailand Post Company Limited	Postal Business	Thailand	Related party
7.	PTT Public Company Limited	Energy & Utilities	Thailand	Related party
8.	Tourism Authority of Thailand	Tourism	Thailand	Related party
9.	Airports of Thailand Public Company Limited	Airport of Thailand	Thailand	Related party
10.	MCOT Public Company Limited	Communication	Thailand	Related party
11.	Civil Aviation Training Center	Aviation Training	Thailand	Related party
12.	Aeronautical Radio of Thailand Ltd.	Air Traffic Control	Thailand	Related party
13.	National Telecom Public Company Limited	Telecommunications	Thailand	Related party

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

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Major shareholder				
Sales and rendering of services	2	1	2	1
Purchases and services	1	2	1	2
Interest expense	981	255	981	255
Subsidiaries				
Sales and rendering of services	-	-	3,964	3,391
Purchases and services	-	-	5,009	3,375
Associates				
Purchases and services	149	39	149	39
Dividend received	-	-	-	-
Related party				
Sales and rendering of services	77	21	77	21
Purchases of goods and receiving of services	7,390	4,304	7,390	4,304
Remuneration of Directors and Executives				
Short-term executives compensation	35	33	28	26
Directors' remuneration	17	26	14	22
Employee benefit obligation	1	1	1	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 financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Trade and other current receivables - net				
Subsidiaries	-	-	10,640	11,203
Related parties	78	34	78	34
Total	<u>78</u>	<u>34</u>	<u>10,718</u>	<u>11,237</u>

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

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Trade and other current payables (see Note 20)				
Subsidiaries	-	-	307	173
Associates	9	19	9	19
Related parties	82	86	82	86
Total	<u>91</u>	<u>105</u>	<u>398</u>	<u>278</u>
Trade and other non-current payables (see Note 20)				
Associates	19	17	19	17
Related parties	923	933	923	933
Total	<u>942</u>	<u>950</u>	<u>942</u>	<u>950</u>

Borrowings from related parties as at December 31 are consisted of:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2023	2022	2023	2022
Short-term borrowings from related parties				
From domestic financial institution controlled by major shareholder	-	39	-	-
Long-term borrowings from related parties				
From foreign financial institution through major shareholder	12,584	11,722	12,584	11,722
From domestic financial institution controlled by major shareholder	12,348	12,639	12,348	12,639
Total long-term borrowings from related parties	<u>24,932</u>	<u>24,361</u>	<u>24,932</u>	<u>24,361</u>
Total	<u>24,932</u>	<u>24,400</u>	<u>24,932</u>	<u>24,361</u>

On October 20, 2022, the Central Bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting the change in the debt repayment method to be paid by converting certain debt into ordinary shares according to the amendment of rehabilitation plan. Including the change in maturity date and interest rate of borrowing from related parties to be in accordance with the amendment of business rehabilitation plan (see Note 5.1.3). During the period ended December 31, 2023, the Company repaid the principal of the balance of loans from related parties of Baht 454 million and the Company has no additional borrowing from related parties.

As at December 31, 2023, the Company has not adjusted outstanding debt to repay of the borrowing from foreign financial institution through major shareholder and borrowing from domestic financial institution controlled by major shareholder which the Company received an order from the Official Receiver. However, the remaining borrowings from domestic financial institution controlled by major shareholder are in the process of debt verification with the Official Receiver.

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

Unit: Million Baht						
Consolidated and Separated Financial Statements						
	Maturity Date		Interest rate		Amount	
	2023	2022	(% per annum)		2023	2022
Current Portion						
From domestic financial institution controlled by the major shareholder ⁽³⁾	-	June 15, 2023	5.75	5.75	-	454
Non-current Liabilities						
From domestic financial institution controlled by the major shareholder ⁽¹⁾	December 30, 2035	December 30, 2035	1.00 - 1.50	1.00 - 1.50	10,769	10,746
From foreign financial institution through major shareholder ⁽²⁾	December 30, 2024	December 30, 2024	1.50	1.50	12,584	11,722
From domestic financial institution controlled by the major shareholder ⁽⁴⁾	December 30, 2035	December 30, 2035	1.00 - 1.50	1.00 - 1.50	1,579	1,439
Total					<u>24,932</u>	<u>24,361</u>

⁽¹⁾ On October 20, 2022, the Central Bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting the change in debt repayment method of long-term borrowing from related parties to be paid by converting certain debt into ordinary shares according to the amendment of business rehabilitation plan (see Note 5.1.3). Therefore, as at December 31, 2023, the Company adjusted the outstanding debt from certain financial institutions according to the order from the Official Receiver and remeasure financial liabilities with effective interest rates.

⁽²⁾ Borrowings from foreign financial institution through major shareholder was the borrowing that the Ministry of Finance entered into the borrowing agreements with foreign financial institution and the Ministry of Finance had given such borrowing to the Company. On October 20, 2022, the Central Bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting the change in debt repayment method of such long-term loan to be paid by converting whole of debt into ordinary shares according to the amendment of business rehabilitation plan (see Note 5.1.3). Therefore, as at December 31, 2023, the Company adjusted the outstanding debt according to the order from the Official Receiver and remeasure financial liabilities by using discounted cashflow method with market rates.

⁽³⁾ Borrowings from domestic financial institution controlled by the major shareholder was the borrowings in Yen currency, having the requirement to register the aircraft (A330-300 2 aircrafts) as business collateral, with the total credit of Yen 4,200 million as a repayment collateral.

On October 20, 2022, the Central Bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting in adding the debt repayment means. The Company have additional right to repay the debt from cashflow which received from the business operation. This will allow the Company to return the collateralized aircraft for using in business operation (see Note 5.1.3 (1)). Later, the Company paid the outstanding principal on January 4, 2023 at an interest rate 5.75 percent.

⁽⁴⁾ On October 20, 2022, the Central Bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting the change in debt repayment method of long-term borrowing from domestic financial institution controlled by the major shareholder to be paid by converting certain debt into ordinary shares according to the amendment of business rehabilitation plan (see Note 5.1.3 (3)). Therefore, as at December 31, 2023, the Company adjusted the outstanding debt according to the order from the Official Receiver and remeasure financial liabilities by using discounted cashflow method with market rates.

6.3 Significant agreements with related parties

Leasing agreement and license to operate business agreement

The Company entered into leasing 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 13 and 36.3).

6.4 Restructuring of business operation in aviation business

During the year 2023, Creditor's Committee approved the roadmap of restructuring of business operation in aviation business. As the part of this restructuring, the Company received A320-200 20 aircrafts from its subsidiaries and recorded long-term liabilities for aircraft repair and maintenance, other non-current liability and other related expenses, totaling Baht 9,013 million which presented as loss from restructuring of business operation in aviation business in separate statements of profit or loss and other comprehensive income for the year ended December 31, 2023.

7. ADDITIONAL CASH FLOWS INFORMATION

7.1 Cash and Cash Equivalents

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

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2023	2022	2023	2022
Cash on hand - Domestic	11	8	9	6
Cash on hand - Foreign	3	5	3	4
Cash at banks - Domestic	18,259	13,492	17,875	13,023
Cash at banks - Foreign	29,755	21,057	29,561	21,031
Bill of exchange and time deposit	4,944	-	4,944	-
Total cash and cash equivalents	52,972	34,562	52,392	34,064
<u>Less</u> Credit loss allowance	(33)	(22)	(33)	(22)
Total cash and cash equivalents	52,939	34,540	52,359	34,042

In addition, As at December 31, 2023, the company had the bill of exchange, time deposits, and debentures with maturity period more than 3 months and not over 1 year in amount of Baht 14,191 million and Bath 14,091 million which presented as other current financial assets in the consolidated and separate financial statements, respectively (see Note 10).

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

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2023	2022	2023	2022
Payable for purchase of assets	1,212	1,212	1,209	1,212
Lease payables	4,682	(529)	4,682	(529)
Offsetting maintenance reserves and other payable				
according to amendment lease agreement	-	1,892	-	1,892
Classify accrued employee benefits	3	29	3	29

7.3 Changes in liabilities arising from financing activities

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

Unit : Million Baht

As at December 31, 2023	Consolidated financial statements					Balance as at December 31, 2023
	Balance as at January 1, 2023	Cash flows from financing activities	Exchange rate	Increase	Others	
Short-term borrowings from related parties	39	(39)	-	-	-	-
Long-term borrowings from financial institutions	7,718	-	-	-	681 ⁽⁴⁾	8,399
Long-term borrowings from related parties	24,361	(454)	-	-	1,025 ⁽⁴⁾	24,932
Lease liabilities	87,121	(8,947)	(1,424)	8,875	(1,364) ⁽³⁾	84,261
Debentures	42,765	-	-	-	4,061 ⁽⁴⁾	46,826
Total	162,004	(9,440)	(1,424)	8,875	4,403	164,418

Unit : Million Baht

As at December 31, 2022	Consolidated financial statements					Balance as at December 31, 2022
	Balance as at January 1, 2022	Cash flows from financing activities	Exchange rate	Increase	Others	
Short-term borrowings from related parties	-	39	-	-	-	39
Long-term borrowings from financial institutions	10,575	-	-	-	(2,857) ⁽²⁾⁽⁴⁾	7,718
Long-term borrowings from related parties	18,559	-	-	-	5,802 ⁽¹⁾⁽²⁾⁽⁴⁾	24,361
Lease liabilities	75,201	(1,803)	1,200	7,592	4,931 ⁽³⁾	87,121
Debentures	35,539	-	-	-	7,226 ⁽²⁾⁽⁴⁾	42,765
Total	139,874	(1,764)	1,200	7,592	15,102	162,004

⁽¹⁾ Changing from modification of financial liabilities measured at amortized cost (see Note 5.1.3)

⁽²⁾ Changing from derecognition of financial liabilities measured at amortized cost (see Note 5.1.3)

⁽³⁾ Classification of lease liabilities payable, adjustment of other lease liabilities and terminate of contract (see Note 19).

⁽⁴⁾ Recognition of financial cost measured at amortized cost.

Unit : Million Baht

As at December 31, 2023	Separate financial statements					Balance as at December 31, 2023
	Balance as at January 1, 2023	Cash flows from financing activities	Exchange rate	Increased	Others	
Long-term borrowings from financial institutions	7,718	-	-	-	681 ⁽⁴⁾	8,399
Long-term borrowings from related parties	24,361	(454)	-	-	1,025 ⁽⁴⁾	24,932
Lease liabilities	87,117	(8,938)	(1,424)	8,863	(1,364) ⁽³⁾	84,254
Debentures	42,765	-	-	-	4,061 ⁽⁴⁾	46,826
Total	161,961	(9,392)	(1,424)	8,863	4,403	164,411

Unit : Million Baht

As at December 31, 2022	Separate financial statements					Balance as at December 31, 2022
	Balance as at January 1, 2022	Cash flows from financing activities	Exchange rate	Increased	Others	
Long-term borrowings from financial institutions	10,575	-	-	-	(2,857) ⁽²⁾⁽⁴⁾	7,718
Long-term borrowings from related parties	18,559	-	-	-	5,802 ⁽¹⁾⁽²⁾⁽⁴⁾	24,361
Lease liabilities	75,187	(1,792)	1,200	7,590	4,932 ⁽³⁾	87,117
Debentures	35,539	-	-	-	7,226 ⁽²⁾⁽⁴⁾	42,765
Total	139,860	(1,792)	1,200	7,590	15,103	161,961

⁽¹⁾ Changing from modification of financial liabilities measured at amortized cost (see Note 5.1.3)

⁽²⁾ Changing from derecognition of financial liabilities measured at amortized cost (see Note 5.1.3)

⁽³⁾ Classification of lease liabilities payable, adjustment of other lease liabilities and terminate of contract (see Note 19).

⁽⁴⁾ Recognition of financial cost measured at amortized cost.

8. TRADE AND OTHER CURRENT RECEIVABLES

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

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Trade receivables				
Related parties (see Note 6.2)	78	34	2,958	2,576
Other parties	12,971	11,180	12,686	10,582
<u>Less</u> Credit loss allowance	(1,647)	(1,555)	(4,480)	(3,825)
Total trade receivables	11,402	9,659	11,164	9,333
Other receivables				
Related parties (see Note 6.2)	-	-	7,760	8,661
Other parties	2,935	1,978	2,484	1,555
<u>Less</u> Credit loss allowance	(181)	(186)	(7,663)	(8,531)
Total other receivables	2,754	1,792	2,581	1,685
	14,156	11,451	13,745	11,018
Current lease receivable	-	-	-	616
Accrued income	1,652	969	1,706	1,008
Receivable - the Revenue Department	325	207	326	207
Prepaid expenses and deposits	3,058	4,328	2,890	4,191
Total	19,191	16,955	18,667	17,040

As at December 31, 2023 and 2022, the Company recognized Expected Credit Loss (ECL) in separate financial statements in accordance with TFRS 9. Most of the expected credit loss were credit loss of trade and other current receivables of Thai Smile Airways Company Limited, a subsidiary, of Baht 10,354 million and Baht 10,654 million, respectively. In addition, the Company recognized expected credit loss for other receivables in amount of Baht 1,789 million and 1,702 million, respectively.

Aging analysis for trade receivables, consisted of the following:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Related parties				
Within credit terms	4	3	300	236
Overdue:				
Less than 6 months	22	14	530	314
6 - 12 months	22	3	468	510
1 - 2 years	16	9	723	141
Over 2 years	14	5	937	1,375
	78	34	2,958	2,576
<u>Less</u> Credit loss allowance	(31)	(13)	(2,904)	(2,321)
	47	21	54	255
Other parties				
Within credit terms	8,763	6,472	8,531	5,931
Overdue:				
Less than 6 months	2,059	2,987	2,047	2,972
6 - 12 months	376	137	376	137
1 - 2 years	362	167	362	167
Over 2 years	1,411	1,417	1,370	1,375
	12,971	11,180	12,686	10,582
<u>Less</u> Credit loss allowance	(1,616)	(1,542)	(1,576)	(1,504)
	11,355	9,638	11,110	9,078
Total	11,402	9,659	11,164	9,333

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	
	2023	2022	2023	2022
Balance as at January 1,	1,555	1,465	3,825	2,927
Net remeasurement of credit loss allowance	92	90	655	898
Balance as at December 31,	<u>1,647</u>	<u>1,555</u>	<u>4,480</u>	<u>3,825</u>

9. INVENTORIES

Inventories as at December 31, consist of the following:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Aircraft spare parts	3,968	3,537	3,937	3,537
Slow moving aircraft spare parts and held for sale	4,673	4,734	4,673	4,734
Vehicle spare parts and ground support equipment	316	295	316	295
Fuel and oil for aircraft	140	235	140	235
Inventories for sales	315	230	314	227
Cabin and catering supplies	232	175	232	164
Supplies and other consumables	17	15	17	15
Inventories and spare parts for flight simulator and other supplies	84	99	83	92
Inventories and spare parts in transit	296	203	296	203
Obsolete and damaged inventories for disposal	24	28	24	28
Total inventories and supplies	<u>10,065</u>	<u>9,551</u>	<u>10,032</u>	<u>9,530</u>
<u>Less</u> Allowance for diminution in value of inventories	<u>(4,811)</u>	<u>(5,102)</u>	<u>(4,811)</u>	<u>(5,102)</u>
Total inventories	<u>5,254</u>	<u>4,449</u>	<u>5,221</u>	<u>4,428</u>

For the years ended December 31, 2023 and 2022, the Company reversed of loss from 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:

	Unit : Million Baht Consolidated and Separate financial statements	
	2023	2022
(Reversal) Loss on diminution in value of inventories	(291)	-

10. OTHER-CURRENT FINANCIAL ASSETS

Other-current assets as at December 31, are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Financial assets measured at amortized cost				
Bill of exchange with the right to be redeemed	9,935	-	9,935	-
Fixed deposits with maturity period more than 3 months and not over 1 year	4,006	-	3,906	-
Debentures maturity period within 1 year	250	-	250	-
Total Other-current financial assets	14,191	-	14,091	-

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

	Unit : Million Baht Consolidated and Separate financial statements					
As at December 31, 2023	Balance as at January 1, 2023	Addition	Impairment	Disposal	Transfer	Balance as at December 31, 2023
Aircraft	2,447	1,386	-	(1,730)	-	2,103
Engine	56	13	-	(44)	(25)	-
Land	244	-	-	-	(244)	-
Other assets	-	9	-	(9)	-	-
Total	2,747	1,408	-	(1,783)	(269)	2,103

	Unit : Million Baht Consolidated and Separate financial statements					
As at December 31, 2022	Balance as at January 1, 2022	Addition	Impairment	Disposal	Transfer	Balance as at December 31, 2022
Aircraft	3,110	124	648	(711)	(724)	2,447
Engine	123	21	(12)	(76)	-	56
Land	1,081	-	-	(739)	(98)	244
Other assets	7	10	-	(9)	(8)	-
Total	4,321	155	636	(1,535)	(830)	2,747

Significant movement during the year 2023 as follows:

- During the year ended December 31, 2023, the Company classified 12 aircrafts (B777-200 6 aircrafts and B777-300 6 aircrafts), spare engines and other assets as non-current assets classified held for sale with net book values of Baht 1,386 million and Baht 13 million and Baht 9 million, respectively, in consolidated and separate financial statements.
- During the year ended December 31, 2023, the Company sold 9 aircrafts (B747-400 6 aircrafts, B737-400 1 aircraft and A340-600 2 aircrafts), spare engines and other assets to the buyer (other parties) with a net book value of Baht 1,730 million, Baht 44 million and Baht 9 million, respectively, in consolidated and separate financial statements.
- As at December 31, 2023, the Company reclassified spare engines from non-current assets classified held for sale to other non-current assets (see Note 17.1) with net book values of Baht 25 million.
- As at December 31, 2023, the Company reclassified land and office building in England from non-current assets classified held for sale to other non-current assets (see Note 17.1) with net book values of Baht 244 million.

12. INVESTMENTS

12.1 Investments in associates

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

	Country of incorporation	Nature of business	Percentage of shareholding (%)		Paid-up capital		Consolidated financial statements Equity method		Unit : Million Baht Separate financial statements Cost method - net	
			2023	2022	2023	2022	2023	2022	2023	2022
Associates										
Donmuang International Airport Hotel Company Limited	Thailand	Hotel business	40.00	40.00	120	120	68	49	48	48
Phuket Air Catering Company Limited	Thailand	Produce food and provide products for airlines	30.00	30.00	100	100	161	143	30	30
Suvarnabhumi Airport Hotel Company Limited	Thailand	Hotel business	30.00	30.00	1,018	1,018	346	319	305	305
Total							<u>575</u>	<u>511</u>	<u>383</u>	<u>383</u>

12.2 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	Separate financial statements											
			Percentage of Shareholding (%)		Paid-up capital		Cost Method		Allowance for impairment		Cost Method - net		Dividend income	
			2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Thai-Amadeus Southeast Asia Company Limited	Thailand	Integrated travel information technology service	55.00	55.00	15	15	8	8	-	-	8	8	16	43
WingSpan Services Company Limited	Thailand	Specialized personnel services for companies	49.00	49.00	2	2	1	1	-	-	1	1	-	-
Thai Flight Training Company Limited	Thailand	Training service aviation	49.00	49.00	2	2	1	1	-	-	1	1	1	-
Thai Smile Airways Company Limited ⁽¹⁾	Thailand	Air transportation services	100.00	100.00	1,800	1,800	1,800	1,800	(1,800)	(1,800)	-	-	-	-
Total							1,810	1,810	(1,800)	(1,800)	10	10	17	43

⁽¹⁾ As at December 31, 2023 and 2022, the Company had assessed the performance of Thai Smile Airways Company Limited which continuously had accumulated loss and capital deficiency. The Company assessed as there had the impairment indicator in investment in Thai Smile Airways Company Limited and had the recoverable amount of such investment was less than net carrying amount. Therefore, the Company recognized an allowance for impairment of such investment of Baht 1,800 million in the statements of profit or loss and other comprehensive income.

13. PROPERTY, PLANT AND EQUIPMENT

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

Unit : Million Baht					
As at December 31, 2023	Consolidated financial statements				Balance as at December 31, 2023
	Balance as at January 1, 2023	Increase	Decrease	Transfer in (Transfer out)	
Cost					
Lands	9,570	-	-	-	9,570
Buildings	1,714	-	-	-	1,714
Building improvement	4,333	-	(12)	(65)	4,256
Building under lease agreement	8,727	-	-	-	8,727
Aircrafts	144,710	-	(672)	(47,732)	96,306
Aircraft improvement	9,734	-	(418)	-	9,316
Rotable aircraft's spare parts	35,950	688	(1,654)	4,187	39,171
Tools, plant and equipment	28,387	104	(9)	(1,492)	26,990
Total cost	243,125	792	(2,765)	(45,102)	196,050
Accumulated depreciation					
Buildings	(88)	(89)	-	-	(177)
Building improvement	(3,912)	(67)	8	83	(3,888)
Building under lease agreement	(5,881)	(205)	-	-	(6,086)
Aircrafts	(96,227)	(2,440)	643	44,075	(53,949)
Aircraft improvement	(7,333)	(564)	418	-	(7,479)
Rotable aircraft's spare parts	(25,465)	(1,185)	696	212	(25,742)
Tools, plant and equipment	(27,100)	(513)	8	1,571	(26,034)
Total accumulated depreciation	(166,006)	(5,063)	1,773	45,941	(123,355)
Assets under installation	437	4,376	-	(4,708)	105
Less Allowance for impairment	(31,587)	(77)	958	2,485	(28,221)
Total property, plant and equipment	45,969				44,579

Unit : Million Baht					
As at December 31, 2022	Consolidated financial statements				Balance as at December 31, 2022
	Balance as at January 1, 2022	Increase	Decrease	Transfer in (Transfer out)	
Cost					
Lands	9,570	-	-	-	9,570
Buildings	1,714	-	-	-	1,714
Building improvement	4,657	1	(120)	(205)	4,333
Building under lease agreement	8,753	-	(26)	-	8,727
Aircrafts	99,366	182	(518)	45,680	144,710
Aircraft improvement	14,097	-	-	(4,363)	9,734
Rotable aircraft's spare parts	36,635	217	(216)	(686)	35,950
Tools, plant and equipment	29,854	26	(179)	(1,314)	28,387
Total cost	204,646	426	(1,059)	39,112	243,125
Accumulated depreciation					
Buildings	-	(88)	-	-	(88)
Building improvement	(4,184)	(89)	120	241	(3,912)
Building under lease agreement	(5,701)	(205)	25	-	(5,881)
Aircrafts	(74,748)	(545)	509	(21,443)	(96,227)
Aircraft improvement	(10,739)	(699)	-	4,105	(7,333)
Rotable aircraft's spare parts	(25,218)	(985)	139	599	(25,465)
Tools, plant and equipment	(28,022)	(627)	180	1,369	(27,100)
Total accumulated depreciation	(148,612)	(3,238)	973	(15,129)	(166,006)
Assets under installation	181	369	-	(113)	437
Less Allowance for impairment	(21,722)	(13)	7,519	(17,371)	(31,587)
Total property, plant and equipment	34,493				45,969

Depreciation for the years ended December 31,
2023
2022

Million Baht 5,063
Million Baht 3,238

Unit : Million Baht

As at December 31, 2023	Separate financial statements				Balance as at December 31, 2023
	Balance as at January 1, 2023	Increase	Decrease	Transfer in (Transfer out)	
Cost					
Lands	9,570	-	-	-	9,570
Buildings	1,714	-	-	-	1,714
Building improvement	4,289	-	(12)	(65)	4,212
Building under lease agreement	8,727	-	-	-	8,727
Aircrafts	144,710	-	(673)	(47,732)	96,305
Aircraft improvement	9,734	-	(418)	-	9,316
Rotable aircraft's spare parts	35,950	673	(1,654)	4,187	39,156
Tools, plant and equipment	28,280	91	(5)	(1,499)	26,867
Total cost	242,974	764	(2,762)	(45,109)	195,867
Accumulated depreciation					
Buildings	(88)	(88)	-	-	(176)
Building improvement	(3,871)	(65)	8	83	(3,845)
Building under lease agreement	(5,881)	(205)	-	-	(6,086)
Aircrafts	(96,227)	(2,440)	643	44,075	(53,949)
Aircraft improvement	(7,333)	(564)	418	-	(7,479)
Rotable aircraft's spare parts	(25,465)	(1,139)	696	212	(25,696)
Tools, plant and equipment	(27,034)	(506)	5	1,571	(25,964)
Total accumulated depreciation	(165,899)	(5,007)	1,770	45,941	(123,195)
Assets under installation	430	4,376	-	(4,701)	105
<u>Less</u> Allowance for impairment	(31,587)	(77)	958	2,485	(28,221)
Total property, plant and equipment	45,918				44,556

Unit : Million Baht

As at December 31, 2022	Separate financial statements				Balance as at December 31, 2022
	Balance as at January 1, 2022	Increase	Decrease	Transfer in (Transfer out)	
Cost					
Lands	9,570	-	-	-	9,570
Buildings	1,714	-	-	-	1,714
Building improvement	4,614	-	(120)	(205)	4,289
Building under lease agreement	8,753	-	(26)	-	8,727
Aircrafts	99,366	182	(518)	45,680	144,710
Aircraft improvement	14,097	-	-	(4,363)	9,734
Rotable aircraft's spare parts	36,635	217	(216)	(686)	35,950
Tools, plant and equipment	29,768	3	(178)	(1,313)	28,280
Total cost	204,517	402	(1,058)	39,113	242,974
Accumulated depreciation					
Buildings	-	(88)	-	-	(88)
Building improvement	(4,146)	(85)	120	240	(3,871)
Building under lease agreement	(5,701)	(205)	25	-	(5,881)
Aircrafts	(74,748)	(545)	509	(21,443)	(96,227)
Aircraft improvement	(10,738)	(699)	-	4,104	(7,333)
Rotable aircraft's spare parts	(25,219)	(985)	139	600	(25,465)
Tools, plant and equipment	(27,959)	(621)	179	1,367	(27,034)
Total accumulated depreciation	(148,511)	(3,228)	972	(15,132)	(165,899)
Assets under installation	159	364	-	(93)	430
<u>Less</u> Allowance for impairment	(21,722)	(13)	7,519	(17,371)	(31,587)
Total property, plant and equipment	34,443				45,918

Depreciation for the years ended December 31,

2023

Million Baht

5,007

2022

Million Baht

3,228

As at December 31, 2023, the Company had 77 aircrafts in operation, consisting of 15 Company's aircrafts which presented as property, plant and equipment, and 62 aircrafts under lease agreements which presented as right-of-used assets (see Note 14).

As at December 31, 2022, the Company had 86 aircrafts in operation, consisting of 27 Company's aircrafts which presented as property, plant and equipment, and 59 aircrafts under lease agreements which presented as right-of-used assets (see Note 14).

As at December 31, 2023 and 2022, property, plant and equipment included the building on leased land which were leased from Airports of Thailand Public Company Limited (“AOT”) at Suvarnabhumi Airport with the carrying amount of Baht 2,630 million and Baht 2,835 million, respectively, with a lease term of 30 years starting from September 28, 2006 to September 27, 2036 and the lessor will renew the contract period for 4 years from September 28, 2036 to September 27, 2040. At the end of the contract period, 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, with a lease term of 3 years starting from August 17, 2023 to August 16, 2026. At the end of the contract period, the ownership of the buildings and their component parts will be transferred to the Ministry of Finance (see Notes 6.3 and 36.3).

The Company did not adjust fair value on buildings which have been constructed under lease agreement with Airports of Thailand Public Company Limited (“AOT”) on the space at Suvarnabhumi and Don Mueang Airports which the carrying amount of building is Baht 2,630 million due to the ownership on such buildings have been transferred to the Ministry of Finance because the Company ended status as a state-owned enterprise in accordance with The Law on Budgeting Method as specific requirement in lease agreement. However, the Company still has the right of use such buildings and structure in its operations until the lease agreements expire or terminate.

For the year ended December 31, 2023, the Company recorded an impairment loss of relating of rotatable aircraft's spare parts of Baht 77 million (see Note 27).

For the year ended December 31, 2022, the Company recorded an impairment loss of relating of rotatable aircraft's spare parts in amount of Baht 13 million, and the Company reversed impairment loss totaling Baht 7,519 million which consisted of the reversal of the impairment loss on aircraft amounting Baht 6,459 million and the reversal of the impairment loss on engine spare parts amounting to Baht 1,060 million. (see Note 27).

As at December 31, 2023 and 2022, the Group's certain buildings and equipment have been fully depreciated but such building and equipment were still being used. The cost of those assets amounted to Baht 29,437 million and Baht 31,227 million, respectively.

14. RIGHT-OF-USE ASSETS

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

Unit : Million Baht					
As at December 31, 2023	Consolidated financial statements				Balance as at December 31, 2023
	Balance as at January 1, 2023	Increase	Decrease	Adjustment/ Transfer	
Cost					
Land and Buildings	5,783	989	(312)	(2)	6,458
Aircrafts	97,309	8,271	(6,585)	1,538	100,533
Equipment	99	31	(26)	-	104
Total cost	103,191	9,291	(6,923)	1,536	107,095
Accumulated depreciation					
Land and Buildings	(1,607)	(567)	272	(14)	(1,916)
Aircrafts	(37,315)	(5,688)	2,955	-	(40,048)
Equipment	(84)	(18)	25	(6)	(83)
Total accumulated depreciation	(39,006)	(6,273)	3,252	(20)	(42,047)
<u>Less</u> Allowance for impairment	(2,316)	-	2,316	-	-
Total Right-of-use assets	61,869				65,048

Unit : Million Baht					
As at December 31, 2022	Consolidated financial statements				Balance as at December 31, 2022
	Balance as at January 1, 2022	Increase	Decrease	Adjustment/ Transfer	
Cost					
Land and Buildings	5,610	491	(298)	(20)	5,783
Aircrafts	152,790	7,328	(25,359)	(37,450)	97,309
Equipment	103	-	(3)	(1)	99
Total cost	158,503	7,819	(25,660)	(37,471)	103,191
Accumulated depreciation					
Land and Buildings	(1,288)	(498)	179	-	(1,607)
Aircrafts	(61,328)	(6,071)	11,547	18,537	(37,315)
Equipment	(66)	(20)	2	-	(84)
Total accumulated depreciation	(62,682)	(6,589)	11,728	18,537	(39,006)
<u>Less</u> Allowance for impairment	(26,169)	-	11,506	12,347	(2,316)
Total Right-of-use assets	69,652				61,869

Depreciation for the years ended December 31,

2023

Million Baht

6,273

2022

Million Baht

6,589

Unit : Million Baht					
As at December 31, 2023	Separate financial statements				Balance as at December 31, 2023
	Balance as at January 1, 2023	Increase	Decrease	Adjustment/ Transfer	
Cost					
Land and Buildings	5,752	983	(282)	(3)	6,450
Aircrafts	88,937	8,271	(6,564)	10,003	100,647
Equipment	77	26	(15)	-	88
Total cost	94,766	9,280	(6,861)	10,000	107,185
Accumulated depreciation					
Land and Buildings	(1,590)	(564)	255	(14)	(1,913)
Aircrafts	(34,501)	(5,113)	2,955	(3,504)	(40,163)
Equipment	(64)	(12)	15	(6)	(67)
Total accumulated depreciation	(36,155)	(5,689)	3,225	(3,524)	(42,143)
Less Allowance for impairment	(2,316)	-	2,316	-	-
Total Right-of-use assets	56,295				65,042

Unit : Million Baht					
As at December 31, 2022	Separate financial statements				Balance as at December 31, 2022
	Balance as at January 1, 2022	Increase	Decrease	Adjustment/ Transfer	
Cost					
Land and Buildings	5,579	491	(298)	(20)	5,752
Aircrafts	143,039	7,328	(25,359)	(36,071)	88,937
Equipment	81	-	(3)	(1)	77
Total cost	148,699	7,819	(25,660)	(36,092)	94,766
Accumulated depreciation					
Land and Buildings	(1,269)	(488)	167	-	(1,590)
Aircrafts	(58,883)	(4,794)	11,547	17,629	(34,501)
Equipment	(52)	(14)	2	-	(64)
Total accumulated depreciation	(60,204)	(5,296)	11,716	17,629	(36,155)
Less Allowance for impairment	(26,169)	-	11,506	12,347	(2,316)
Total Right-of-use assets	62,326				56,295

Depreciation for the years ended December 31,		
2023	Million Baht	5,689
2022	Million Baht	5,296

As at December 31, 2023, the Company adjusted right-of-use assets according to restructuring of business operation in aviation business by transferring right of A320-200 15 aircrafts from lessee amounting to Baht 4,960 million (see Note 6.4) and adjusted right-of-use assets by lease liabilities remeasurement from changing in variable lease payments amounting to Baht 1,536 million in consolidated financial statements and separate financial statements.

As at December 31, 2022, the Company adjusted right-of-use assets according to settlement agreement of 4 A380 aircrafts with lessors amounting to Baht 30,116 million and adjusted right-of-use assets by lease liabilities remeasurement from changing in variable lease payments amounting to Baht 5,955 million in consolidated financial statements and separate financial statements.

During the years ended December 31, 2022 the Company reversed impairment loss of right-of-use assets in the amount of Baht 1,360 million, respectively in statements of profit or loss and other comprehensive income (see Note 27).

During the years ended December 31, 2023 and 2022, the Company adjusted allowance for impairment from onerous contract termination in the amount of Baht 1,293 and 10,146 million, respectively (see Note 5.2.1).

Revenues and expenses related to lease agreements for the years ended December 31, are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Amounts recognized in profit or loss				
Interest expense relating to lease liabilities	4,987	4,023	4,986	4,023
Expense relating to short-term leases	869	279	866	275
Expense relating to leases of low value assets	1	1	1	1
Expense relating to variable lease payments not included in the measurement of the lease liability	2,967	5,227	2,908	5,140
Income from sub-lease of right-of-use assets	-	-	160	214

For the years ended December 31, 2023 and 2022, the total cash outflow for leases amount is equaled to Baht 16,832 million and Baht 10,955 million, respectively.

15. DEFERRED TAXES ASSETS

Deferred tax assets as at December 31, consist of the following:

	Unit : Million Baht			
As at December 31, 2023	Consolidated financial statements			
	As at January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2023
Deferred taxes assets	19,548	12,959	49	32,556
Deferred taxes liabilities	(9,949)	(11,614)	2	(21,561)
Net Deferred taxes assets	9,599	1,345	51	10,995

	Unit : Million Baht			
As at December 31, 2022	Consolidated financial statements			
	As at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2022
Deferred taxes assets	20,583	(921)	(114)	19,548
Deferred taxes liabilities	(12,308)	2,362	(3)	(9,949)
Net Deferred taxes assets	8,275	1,441	(117)	9,599

	Unit : Million Baht			
As at December 31, 2023	Separate financial statements			
	As at January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2023
Deferred taxes assets	19,541	12,959	49	32,549
Deferred taxes liabilities	(9,949)	(11,614)	2	(21,561)
Net Deferred taxes assets	9,592	1,345	51	10,988

	Unit : Million Baht			
As at December 31, 2022	Separate financial statements			
	As at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	As at December 31, 2022
Deferred taxes assets	20,567	(912)	(114)	19,541
Deferred taxes liabilities	(12,308)	2,362	(3)	(9,949)
Net Deferred taxes assets	8,259	1,450	(117)	9,592

As at December 31, 2023, the Group has net deferred taxes assets in the amount of Baht 10,995 million in the consolidated financial statements due to the year 2023, the Group recognized deferred taxes assets in the amount of Baht 13,008 million in the consolidated statements of profit or loss by Baht 12,959 million, causing from changes in the contribution to provident fund and pension fund, depreciation of assets, lease liabilities, provision for employee benefit obligations and tax losses carried forward and recognized in the consolidated statements of other comprehensive income by Baht 49 million from changes in actuarial assumption of provision for employee benefit obligations. The Group recognized deferred taxes liabilities in the amount of Baht (11,612) million in the consolidated statements of profit or loss by Baht (11,614) million which came from changes in amortization of intangible assets, right-of-use assets and gain of remeasurement of financial liabilities and recognized in the consolidated statements of other comprehensive income by Baht 2 million from changes in surplus from revaluation of assets through other comprehensive income.

As at December 31, 2023, the Company has net deferred taxes assets in the amount of Baht 10,988 million in the separate financial statements due to the year 2023, the Company recognized deferred taxes assets in the amount of Baht 13,008 million in the separate statements of profit or loss by Baht 12,959 million, causing from changes in the contribution to provident fund and pension fund, depreciation of assets, lease liabilities, provision for employee benefit obligations and tax losses carried forward and recognized in the separate statements of other comprehensive income by Baht 49 million from changes in actuarial assumption of provision for employee benefit obligations. The Company recognized deferred taxes liabilities in the amount of Baht (11,612) million in the separate statements of profit or loss by Baht (11,614) million which came from changes in amortization of intangible assets, right-of-use assets and gain of remeasurement of financial liabilities and recognized in the separate statements of other comprehensive income by Baht 2 million from changes in surplus from revaluation of assets through other comprehensive income.

As at December 31, 2022, the Group has net deferred taxes assets in the amount of Baht 9,599 million in the consolidated financial statements due to the year 2022, the Group recognized deferred taxes assets in the amount of Baht (1,035) million in the consolidated statements of profit or loss by Baht (921) million, causing from changes in the contribution to provident fund and pension fund, depreciation of assets, provision for employee benefit obligations and tax losses carried forward and recognized in the consolidated statements of other comprehensive income by Baht (114) million from changes in actuarial assumption of provision for employee benefit obligations. The Group recognized deferred taxes liabilities in the amount of Baht 2,359 million in the consolidated statements of profit or loss by Baht 2,362 million which came from changes in amortization of intangible assets and gain of remeasurement of financial liabilities and recognized in the consolidated statements of other comprehensive income by Baht (3) million from changes in surplus from revaluation of assets.

As at December 31, 2022, the Company has net deferred taxes assets in the amount of Baht 9,592 million in the separate financial statements due to the year 2022, the Company recognized deferred taxes assets in the amount of Baht (1,026) million in the separate statements of profit or loss by Baht (912) million, causing from changes in the contribution to provident fund and pension fund, depreciation of assets, provision for employee benefit obligations and tax losses carried forward and recognized in the separate statements of other comprehensive income by Baht (114) million from changes in actuarial assumption of provision for employee benefit obligations. The Company recognized deferred taxes liabilities in the amount of Baht 2,359 million in the separate statements of profit or loss by Baht 2,362 million which came from changes in amortization of intangible assets and gain of remeasurement of financial liabilities and recognized in the separate statements of other comprehensive income by Baht (3) million from changes in surplus from revaluation of assets.

The Company recognized deferred tax assets by considering that it is reasonably probable that the Company will have future taxable profit sufficient to utilize the accumulated tax losses.

The Company has carefully considered the estimated taxable profits and on the assumption that the airline industry will recover and operate as normal. As a result, revenue from the aviation business recovered in line with the aviation industry. The company managed flight more effectively. Including the facts about cost reductions from the company's business transformation plan that have already occurred. Increasing the efficiency of fuel use optimizing scheduling and proper maintenance, the Company still has tax losses carried forward and temporary differences used for tax deductions in the amount of Baht 9,561 million baht that have not yet been recorded as deferred tax assets. This is due to the uncertainty in the adequacy of future tax profits.

16. MAINTENANCE RESERVES FOR AIRCRAFT

Maintenance reserves as at December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2023	2022	2023	2022
Maintenance reserves				
at the beginning of the year	14,329	15,490	14,329	15,427
<u>Add</u> Increased	903	606	903	606
<u>Less</u> Claim	(216)	(326)	(216)	(326)
<u>Add (Less)</u> Adjusted from exchange rate	(122)	473	(122)	536
<u>Less</u> Adjusted from lease modification	-	(1,916)	-	(1,916)
<u>Add</u> Reversal credit loss allowance	-	2	-	2
Maintenance reserves				
at the ending of the year	14,894	14,329	14,894	14,329

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	
	financial statements		Separate	
	2023	2022	2023	2022
Non-performing assets (see Note 17.1)	477	231	477	231
Security deposits under aircraft lease agreement	2,208	797	2,208	798
Accrued income from passenger	59	472	59	472
Others	2,820	1,189	2,722	1,049
<u>Less</u> Credit loss allowance	(3)	(1)	(3)	(1)
Total	5,561	2,688	5,463	2,549

17.1 Non-performing assets

As at December 31, 2023 and 2022, the Company had non-performing assets in the consolidated and separate financial statements in the amount of Baht 477 million and Baht 231 million, respectively, which presented in the net amount after deducting allowance for impairment.

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

For the year ended December 31, 2023

	As at January 1, 2023	Consolidated and Separate financial statements			As at December 31, 2023
		Addition	Impairment	Transfer	
Aircraft (see Note 11)	-	1,386	-	(1,386)	-
Engines and flight equipment	21	13	-	12	46
Land	98	-	-	244	342
Other assets	112	9	-	(32)	89
Total	231	1,408	-	(1,162)	477

For the year ended December 31, 2022

	As at January 1, 2022	Consolidated and Separate financial statements			As at December 31, 2022
		Addition	Impairment	Transfer	
Aircraft (see Note 11)	124	-	-	(124)	-
Engines and flight equipment	1	22	19	(21)	21
Land	-	98	-	-	98
Other assets	111	11	-	(10)	112
Total	236	131	19	(155)	231

During the year ended December 31, 2023, the Company assessed that there was no indication that the aircraft and spare engines were impaired.

During the year ended December 31, 2022, the Company reversed impairment loss on non-performing engines foreclosed in amount of Baht 19 million, which were consisted of reversal of impairment loss of 3 engines (see Note 27).

18. INTEREST BEARING LIABILITIES

18.1 Long-term borrowings from financial institutions

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

Maturity Date	Principle repayment due date	Interest rate (% per annum)		Unit : Million Baht Consolidated and Separate financial statements	
		2023	2022	2023	2022
December 20, 2010	December 30, 2035	1.00 - 1.50	1.00 - 1.50	1,985	1,808
October 8, 2019	December 30, 2035	1.00 - 1.50	1.00 - 1.50	1,263	1,152
September 30, 2014 and August 27, 2018	December 30, 2035	1.00 - 1.50	1.00 - 1.50	753	686
July 10, 2018	December 30, 2035	1.00 - 1.50	1.00 - 1.50	1,630	1,486
February 26, 2020	December 30, 2035	1.00 - 1.50	1.00 - 1.50	2,768	2,586
Total				8,399	7,718

The initial maturity date for the long-term borrowing from financial institutions is June 30, 2026.

	Unit : Million Baht Consolidated and Separate financial statements	
	2023	2022
As at December 31,		
Principle	12,241	12,241
<u>Less</u> Deferred interest expenses	<u>(3,842)</u>	<u>(4,523)</u>
Total Long-term borrowings from financial institutions	<u>8,399</u>	<u>7,718</u>

During the year ended December 31, 2023 and 2022, the Company did not have additional long-term borrowings from financial institutions, did not make any repayment and did not pledge fixed assets or other securities as collateral for any borrowings.

The Company adjusted outstanding debt to repay which the Company received an order from the Official Receiver measured the fair value of financial liabilities by discount cash flow method using market rate. However, the remaining borrowings from financial institution controlled are in the process of debt verification with the Official Receiver (see Note 5.1.3 (3)).

18.2 Debentures

The Company has 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	
	2023	2022
Due within 1 year	-	-
Over 1 year	46,826	42,765
Total	<u>46,826</u>	<u>42,765</u>

	Unit : Million Baht Consolidated and Separate financial statements	
	2023	2022
As at December 31,		
Principle	71,604	71,604
<u>Less</u> Deferred interest expenses	<u>(24,778)</u>	<u>(28,839)</u>
Total Debentures	<u>46,826</u>	<u>42,765</u>

On June 15, 2021, the Central Bankruptcy Court issued an order to approve the business rehabilitation plan, resulting the change in payment condition and interest rate to be in accordance with the business rehabilitation plan. The debentures have maturity period from December 30, 2028 to December 30, 2036 while the value of issued debenture had remained unchanged.

However, on October 20, 2022, the Central Bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting the change in debt repayment methods, from at first, they will be repaid by cash in full in the year 12th to 15th of the business rehabilitation plan (depending on the class of creditor), change to the repayment by methods of debt-to-equity conversion of the principal under the business rehabilitation plan for 24.50 percent of each creditors' outstanding debt according to the final debt repayment order. The repayment will be made within the year 2024. The remaining outstanding debt will be repaid by cash flow as specified period in the business rehabilitation plan which the court already approved. Furthermore, the amendment of business rehabilitation plan added a new interest rate for outstanding principal liable from cash flow, by adding the interest at the rate of 0.25 percent per annum to original rate for the last two year (see Note 5.1.3 (3)).

Detail of unsecured debentures as at December 31 2023 and 2022 as follow:

Debenture	Amount (Million Baht)	Interest Rate (% per annum)	Interest Due	Repayment Due
August 2013				
No 2 (Period 7 years)	1,250	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2028 ⁽²⁾
September 2015				
No 2 (Period 5 years)	1,500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2028 ⁽²⁾
June 2017				
No 1 (Period 3 years)	1,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2028 ⁽²⁾
August 2018				
No 2 (Period 2 years)	798	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2028 ⁽²⁾
November 2019				
No 1 (Period 1 year)	2,035	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2028 ⁽²⁾
May 2011				
No 2 (Period 10 years)	833	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
No 5 (Period 10 years)	2,167	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
February 2012				
No 2 (Period 10 years)	2,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2030 ⁽²⁾
March 2012				
No 2 (Period 12 years)	1,500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2032 ⁽²⁾
October 2012				
No 3 (Period 10 years)	1,500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2030 ⁽²⁾
August 2013				
No 3 (Period 10 years)	1,500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2031 ⁽²⁾
February 2014				
No 2 (Period 7 years)	1,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
No 3 (Period 10 years)	1,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2032 ⁽²⁾
December 2014				
No 2 (Period 7 years)	1,340	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
No 3 (Period 10 years)	1,430	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2032 ⁽²⁾
April 2015				
No 3 (Period 7 years)	1,999	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2030 ⁽²⁾
No 4 (Period 10 years)	2,299	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2033 ⁽²⁾
September 2015				
No 3 (Period 7 years)	2,500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2030 ⁽²⁾
No 4 (Period 10 years)	3,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2033 ⁽²⁾
December 2016				
No 2 (Period 5 years)	500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
No 3 (Period 7 years)	1,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2031 ⁽²⁾
No 4 (Period 10 years)	3,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2034 ⁽²⁾
No 5 (Period 12 years)	2,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
June 2017				
No 2 (Period 5 years)	1,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2030 ⁽²⁾
No 3 (Period 7 years)	1,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2032 ⁽²⁾
No 4 (Period 10 years)	3,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2035 ⁽²⁾
No 5 (Period 15 years)	2,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
February 2018				
No 1 (Period 5 years)	1,200	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2031 ⁽²⁾
No 2 (Period 7 years)	1,000	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2033 ⁽²⁾
No 3 (Period 10 years)	2,400	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
No 4 (Period 15 years)	1,400	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
August 2018				
No 3 (Period 3 years)	500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
No 4 (Period 5 years)	500	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2031 ⁽²⁾
No 5 (Period 10 years)	2,200	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
No 6 (Period 12 years)	1,200	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
No 7 (Period 15 years)	1,300	1.50 - 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾

Debenture	Amount (Million Baht)	Interest Rate (% per annum)	Interest Due	Repayment Due
May 2019				
No 2 (Period 2 years)	1,000	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
No 3 (Period 3 years)	1,970	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2030 ⁽²⁾
No 4 (Period 5 years)	910	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2032 ⁽²⁾
No 5 (Period 7 years)	610	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2034 ⁽²⁾
No 6 (Period 10 years)	2,320	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
No 7 (Period 15 years)	2,190	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
November 2019				
No 2 (Period 2 years)	634	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2029 ⁽²⁾
No 3 (Period 3 years and 3 months)	2,453	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2031 ⁽²⁾
No 4 (Period 10 years)	1,899	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
No 5 (Period 15 years)	1,767	1.50 – 1.75 ⁽¹⁾	First payment in 2024, paid by monthly basis ⁽¹⁾	Last workday of 2036 ⁽²⁾
Total	71,604			

⁽¹⁾ On October 20, 2022, the Central bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting the change in interest rate outstanding principal which will be repaid by cashflow in the last two year before the maturity date according to the amendment of business rehabilitation plan. The interest rate increased by 0.25 percent per annum from original rate (see Note 5.1.3 (3)).

⁽²⁾ On October 20, 2022, the Central bankruptcy Court issued an order to approve the amendment of business rehabilitation plan, resulting the change in debt repayment method, from at first, they will be repaid by cash in full, change to the repayment by methods of debt-to-equity conversion of the principal under the business rehabilitation plan for 24.50 percent of each creditors' outstanding debt according to the final debt repayment order to be ordinary shares at Baht 2.5452 per share. The repayment will be made within the year 2024. The remain outstanding debt will be repaid by the cash flow as specified period in the business rehabilitation plan which the Court already approved. Furthermore, the amendment stipulates that the creditors shall be entitled to an interest of the outstanding principal which will be repaid by a debt-to-equity conversion to a newly issued ordinary share, during the period that the debt-to-equity conversion has not yet been made. The interest rate will be an average of a new interest rate under the business rehabilitation plan which the Court already approved (see Note 5.1.3 (3)).

19. LEASE LIABILITIES

Lease liabilities as at December 31, consisted of the following:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
Maturity Analysis:	2023	2022	2023	2022
Year 1	15,858	9,210	15,852	9,206
Year 2 - 5	57,421	51,152	57,421	51,152
Year 5 onwards	57,750	64,635	57,750	64,635
Less deferred interest	(46,768)	(37,876)	(46,769)	(37,876)
Total	84,261	87,121	84,254	87,117
Classification:				
Current				
- Lease liabilities	7,187	1,980	7,180	1,976
Non-current				
- Lease liabilities	77,074	85,141	77,074	85,141
Total	84,261	87,121	84,254	87,117

As at December 31, 2023, the Group has expenses related to the payment of variable rentals excluding the measurement of lease liabilities which were recording as aircrafts and spare parts rental expense in amount of Baht 2,967 million and Baht 2,908 million in the consolidated and separate financial statements, respectively.

As at December 31, 2022, the Group has expenses related to the payment of variable rentals excluding the measurement of lease liabilities which were recording as aircrafts and spare parts rental expense in amount of Baht 5,227 million and Baht 5,141 million in the consolidated and separate financial statements, respectively.

Changing in lease liabilities for the year ended December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2023	2022	2023	2022
Balance at the beginning of years	87,121	75,201	87,117	75,187
Increase	8,875	7,592	8,863	7,590
Remeasure lease liabilities from lease modification	1,276	5,675	1,276	5,675
Adjust Interest	7,481	2,013	7,481	2,013
Termination of contract	(1,722)	(2,228)	(1,722)	(2,227)
Reclassify to payables	(8,399)	(529)	(8,399)	(529)
Payment	(8,947)	(1,803)	(8,938)	(1,792)
Adjust from exchange rate	(1,424)	1,200	(1,424)	1,200
Balance at the end of years	<u>84,261</u>	<u>87,121</u>	<u>84,254</u>	<u>87,117</u>

20. TRADE AND OTHER CURRENT PAYABLES

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

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2023	2022	2023	2022
Current				
Trade payables				
Related parties (see Note 6.2)	91	105	398	278
Others	2,193	4,605	2,040	4,461
Total trade payables	<u>2,284</u>	<u>4,710</u>	<u>2,438</u>	<u>4,739</u>
Other payables				
Airport fees payable	5,627	4,716	5,627	4,716
Others	7,891	7,798	7,219	7,111
Total other payables	<u>13,518</u>	<u>12,514</u>	<u>12,846</u>	<u>11,827</u>
Accrued expenses	7,491	5,712	6,873	4,642
Accrued interest expenses	858	747	858	747
Accrued flight service expenses	4,393	1,325	4,322	1,164
Accrued employee benefits (see Notes 22 and 23)	3	29	3	29
Total Current portion	<u>28,547</u>	<u>25,037</u>	<u>27,340</u>	<u>23,148</u>
Non-current				
Trade payables				
Related parties (see Note 6.2)	942	950	942	950
Other parties	9,974	10,605	9,974	10,605
Trade payables – other parties	<u>4,784</u>	<u>2,242</u>	<u>4,784</u>	<u>2,242</u>
Total Non-current portion	<u>15,700</u>	<u>13,797</u>	<u>15,700</u>	<u>13,797</u>
Total trade and other payables	<u>44,247</u>	<u>38,834</u>	<u>43,040</u>	<u>36,945</u>

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Trade and other non-current payables				
Trade payables				
Related parties				
Principal	956	955	956	955
Less deferred interest expenses	(14)	(5)	(14)	(5)
Total trade payables - related parties (see note 6.2)	942	950	942	950
Others				
Principal	12,645	12,912	12,645	12,912
Less deferred interest expenses	(2,671)	(2,307)	(2,671)	(2,307)
Total trade payables - others	9,974	10,605	9,974	10,605
Other payables				
Other payables - others				
Principal	7,520	2,412	7,520	2,412
Less deferred interest expenses	(2,736)	(170)	(2,736)	(170)
Total other payables - others	4,784	2,242	4,784	2,242
Total trade and other non-current payables	15,700	13,797	15,700	13,797

As at December 31, 2023, the Company additionally received an order from the Official Receiver to pay debt to trade and other payables. The Company adjusted trade and other payables to be in accordance with the debt amount, due date and interest rate according to the rehabilitation plan and order from the Official Receiver, which will have the first installment period on June 30, 2024. Therefore, liabilities were adjusted and classified as trade and other non-current payables. The Company had an impact from the adjustment of trade and other payables for the year ended December 31, 2023 to be in accordance with the debt balance of Baht 321 million (see Note 5.2.1.1 (1)).

21. DEFERRED REVENUE

Deferred revenue as at December 31, are as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Unearned transportation revenue	32,521	30,587	32,442	30,163
Customer Loyalty program ⁽¹⁾	5,055	5,092	5,055	5,182
	37,576	35,679	37,497	35,345

Information shows the amount of revenue recognized during the year ended December 31, 2023 and 2022, relating to the beginning balance in deferred revenue.

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Unearned transportation revenue	14,557	1,453	14,126	1,279
Customer Loyalty Program ⁽¹⁾	560	97	560	97

⁽¹⁾ Customer loyalty program measured at fair value which calculated by using the average revenue of each route divided by mileage redemption from the standard prize table, together with the contract cost with business partner divided by mileage redemption from the standard prize table. This fair value measurement was in level 3.

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. In addition, the Company recognized interest and operation expense as a revenue and expense as at December 31, are as follows:

	Unit : Million Baht	
	Consolidated and Separate	
	financial statements	
	2023	2022
Cash at bank		
(Presented as other non - current financial assets)	103	70
Receivable - Bank		
(Presented as other non - current financial assets)	703	804
Others current assets	77	62
Total Assets	883	936
Accrued payment for staff termination		
(Presented as trade and other current payables)	3	4
Staff pension fund	880	932
Total Liabilities	883	936

As at December 31, 2023 and 2022, the staff pension fund has remaining balances of Baht 880 million and Baht 932 million, respectively, equaled to the Company's obligations to pay for employees.

During the years ended December 31, 2023 and 2022, the Company paid to employees who ceased to be members of the provident fund and paid to staff termination under early retirement project (MSP-B MSP-C Block (special) and MSP-D3 Extend) in the amount of Baht 119 million and Baht 135 million, respectively. And recognized pension expense in the amount of Baht 66 million and Baht 25 million, respectively.

As at December 31, 2023 and 2022, the Company has accrued payment for staff leaving from provident fund in the amount of Baht 3 million and Baht 4 million respectively, presented as trade and other current payables (see Note 20).

As at December 31, 2023 the balance of net pension receivable - THAI in the amount of Bath 703 million was resulted of the bank deposit of pension had temporarily seized by the bank in amount of Bath 2,331 million and adjusted interest of bank deposit in amount of Bath 5 million totaling of Baht 2,336 million. The amount was net of the bank deposit which the Company had contributed in excess of Baht 217 million. As a result, the pension fund could not pay the employee. Therefore, the Company had to reserve funds to pay the employee who retired under the early retirement program and terminated from the fund in amount of Bath 1,415 million. (2022: 1,297 million)

23. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

In the year 2023 and 2022 the Company has the policy about non-current provisions for employee benefits, 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 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 1 year 6 months. However, the Company adjust annual leaves benefit compensation in 2023.

23.3 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. However, the Company adjust such benefit in the year 2022.

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

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Present value of obligations	<u>4,768</u>	<u>4,496</u>	<u>4,741</u>	<u>4,414</u>
Items recognized in statements of profit or loss and other comprehensive income for the years ended December 31,				
Recognized in profit or loss				
Post-employment benefits	273	79	269	60
Other long-term benefits	5	(2)	-	(2)
Recognized in other comprehensive income				
Actuarial (gain) loss	<u>248</u>	<u>(593)</u>	<u>246</u>	<u>(570)</u>
Total	<u>562</u>	<u>(516)</u>	<u>515</u>	<u>(512)</u>

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

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Defined benefit obligations at the beginning of the year	4,496	5,173	4,414	5,083
Defined benefit expense obligation recognized in profit or loss				
Current service costs	179	203	176	185
Interest costs	112	95	111	94
Past service costs	(18)	(219)	(18)	(219)
Actuarial (gain) loss from other long-term benefits	5	(2)	-	(2)
Actuarial (gain) loss - recognized in other comprehensive income				
Arising from experience adjustments	278	(544)	275	(527)
Arising from financial assumptions	(30)	(49)	(29)	(43)
Classified as accrued employee benefits	-	(25)	-	(25)
Benefits paid by the plan	(254)	(136)	(188)	(132)
Defined benefit obligations at the ending of the year	<u>4,768</u>	<u>4,496</u>	<u>4,741</u>	<u>4,414</u>

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

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Discount rate (%)	1.21 - 2.80	1.21 - 2.78	2.80	2.70
Inflation rate (%)	2.00	2.00	2.00	2.00
Salary increasing rate (%)	0.00 - 5.00	0.00 - 5.00	0.00 - 2.00	0.00 - 2.00
Turnover rate (%)	0.00 - 35.00	0.00 - 35.00	0.00 - 2.50	0.00 - 2.50
Mortality	TMO17	TMO17	TMO17	TMO17

Significant actuarial assumptions for the determination of the defined employee benefit obligations consisted of discount rate, 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 financial statements		Unit: Million Baht Separate financial statements	
	2023	2022	2023	2022
Discount rate - increase by 1%	(297)	(294)	(303)	(304)
Discount rate - decrease by 1%	352	347	345	335
Salary rate - increase by 1%	396	486	388	471
Salary rate - decrease by 1%	(297)	(218)	(304)	(229)

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.

Early Retirement Program

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 4,000 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.

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

On June 2, 2021, the Company announced the Early Retirement program (MSP-D) for employees who has no intention to apply for positions in the new organizational structure or applies for positions in the new organizational structure but was not selected and intends to resign from the Company by receiving compensation according to the program. Employees should express their intention within June 13, 2021 by the Company's approval. The program offers three options that will result in the termination of approved employees from July 1, 2021 (MSP-D1) or January 1, 2022 (MSP-D2 and MSP-D3). The Company will pay the legal compensation as required by Thai Labor Law and other specific compensation in an average amount starting from January 2022 to December 2022.

As at December 31, 2022, the Company has approved the benefits paid for retirement employees and accrued liability employee benefit in amount of Baht 25 million, presented as part of the trade and other current payables (see Note 20) (2023 : Nil).

24. OTHER NON - CURRENT PROVISIONS

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

	Consolidated financial Statements		Unit : Million Baht Separate financial Statements	
	2023	2022	2023	2022
Other non-current provisions at the beginning of the year	26,777	20,072	19,849	16,129
Movement during the year	3,003	6,262	2,230	3,277
Addition from aircrafts transferred by a subsidiary	-	-	7,701	-
Adjust foreign exchange rate	(440)	443	(440)	443
Other non-current provisions at the ending of the year	<u>29,340</u>	<u>26,777</u>	<u>29,340</u>	<u>19,849</u>

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

During the year ended December 31, 2023, the Company recognized provisions for other non-current liabilities from the transfer of twenty aircrafts from a subsidiary (A320-200) as loss from restructuring of business operation of Baht 7,081 million in the separate financial statements (see Note 6.4) (2022 : Nil).

25. REVENUES FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue

The Group disaggregate revenue from sales and services with customers for overtime and at the point of time by segment related to segment information disclosure in accordance with Thai Financial Reporting Standards No. 8 "Operating Segment" (see Note 32).

Revenue from sales and services for the year ended December 31, were classified revenue by timing of revenue recognition and type of goods or services as follows:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Timing of revenue recognition				
At a point in time				
Air freight				
Revenue from passenger and excess baggage	132,736	73,408	123,200	64,862
Revenue from freight	15,464	23,784	15,465	23,743
Business unit				
Revenue from business units	5,336	3,054	6,667	4,520
Others				
Revenue from other activities	343	429	-	-
Overtime				
Business unit				
Revenue from warehouse services	2,432	2,763	2,432	2,763
Revenue from aircraft repair and maintenance services	1,135	429	1,227	509
Total	<u>157,446</u>	<u>103,867</u>	<u>148,991</u>	<u>96,397</u>

26. OTHER INCOME

Other income for the year ended December 31, consisted of:

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Gain on disposal of assets	469	783	469	783
Others	2,225	481	2,073	424
Total	2,694	1,264	2,542	1,207

During the year ended December 31, 2023, the company had profit from selling residential condominiums in Singapore of Baht 215 million, profit from selling of offices in Rome, Italy and offices in Manila, Philippines, totaling Baht 153 million, profit from selling houses in Jakarta, Indonesia, Baht 78 million, profits from sales engine spare parts and other assets in the amount of Baht 38 and 30 million, respectively. The company had a loss from aircraft sales of Baht 45 million in the consolidated and separate financial statements.

During the year ended December 31, 2022, the Company made a profit from the sale of land and Rak Khun Thao Fah Building in amount of Baht 55 million, profit from the sale of land and office buildings in Silom in amount of Baht 45 million, profit from the sales of land and office buildings in Khon Kaen, Udon Thani, Chiang Rai totaling amount of Baht 18 million, profit from the sale condominium in Singapore in amount of Baht 101 million, profit from the sale aircrafts in amount of Baht 106 million, engine in the amount of Baht 386 million and profit from the sales of other assets in the amount of Baht 72 million in the consolidated and separate financial statements.

27. IMPAIRMENT LOSS ON ASSETS (REVERSAL)

Impairment loss on assets (reversal) for the years ended December 31, are as follows:

	Unit : Million Baht Consolidated and Separate financial statements	
	2023	2022
Aircraft and right-of-use asset (see Note 11, Note 13 and Note 14)	-	(8,467)
Engine	-	(1,067)
Rotable aircraft's spare parts	77	13
Total	77	(9,521)

For the year ended December 31, 2023, Impairment loss on rotatable aircraft's spare parts in the amount of Baht 77 million consisted of the impairment loss on rotatable aircraft's spare parts which were included in property, plant and equipment (see Note 13). and there was no indication that the aircraft, right-of-use asset, and spare engines were impaired.

For the year ended December 31, 2022, The Company reversal of impairment loss on assets of Baht 9,521 million are as follows:

- Reversal of impairment loss on aircraft and right-of-use assets in the amount of Baht 8,467 million consisted of reversal of impairment loss on aircraft which were classified as non-current assets classified as held for sale in amount of Baht 648 million (see Note 11), reversal of impairment loss on aircraft which were included in property, plant and equipment in amount of Baht 6,459 million (see Note 13) and reversal of impairment loss on right-of-use asset in the amount of Baht 1,360 million (see Note 14).
- Reversal of impairment loss on engine in the amount of Baht 1,067 million consisted of reversal of impairment loss on engine which were included in property, plant and equipment in amount of Baht 1,060 million (see Note 13), reversal of impairment loss on engine which were classified as other non-current asset in the amount of Baht 19 million (see Note 17.1) and recognize impairment loss on asset held for sale in the amount of Baht 12 million (see Note 11).

Impairment loss on rotatable aircraft's spare parts in the amount of Baht 13 million consisted of the impairment loss on rotatable aircraft's spare parts which were included in property, plant and equipment (see Note 13).

28. IMPAIRMENT LOSS DETERMINED IN ACCORDANCE WITH TFRS 9 (REVERSAL)

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

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Expected credit loss of trade and other receivables				
- Related companies (see Note 8)	-	-	(300)	2,398
- Other companies (see Note 8)	87	99	87	102
Reversal of Expected credit loss of other financial assets	19	14	19	14
Total	<u>106</u>	<u>113</u>	<u>(194)</u>	<u>2,514</u>

29. INCOME TAX INCOME

	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2023	2022	2023	2022
Income tax recognized in profit or loss				
Income tax expenses	(20)	(7)	-	-
Deferred income tax	1,342	1,441	1,343	1,451
Total	<u>1,322</u>	<u>1,434</u>	<u>1,343</u>	<u>1,451</u>

Reconciliation of effective tax rate

Unit : Million Baht				
Consolidated financial statements				
	2023		2022	
	Tax rate	Amount	Tax rate	Amount
Profit for the years		28,123		(252)
Income tax income		(1,322)		(1,434)
Profit (loss) before income tax		<u>26,801</u>		<u>(1,686)</u>
Income tax using applicable tax rate (tax rate 20%)	20	(5,360)	20	337
Tax effect of non-deductible (expenses) benefit				
Revenues and expenses from the promotional privileges		1,302		(885)
Revenues and expenses not deductible for tax purposes				
income tax expenses		1,555		1,505
Effect of taxable losses not recognized				
deferred tax asset		-		(950)
Utilize tax benefits from loss carry forward		2,503		-
Recognition of deferred tax for the years		(1,324)		(1,441)
Adjustment from prior years		2		-
Income tax income	-	<u>(1,322)</u>	-	<u>(1,434)</u>

Unit : Million Baht				
Separate financial statements				
	2023		2022	
	Tax rate	Amount	Tax rate	Amount
Profit for the years		20,345		2,697
Income tax income		(1,343)		(1,451)
Profit before income tax		<u>19,002</u>		<u>1,246</u>
Income tax using applicable tax rate (tax rate 20%)	20	(3,800)	20	(250)
Tax effect of non-deductible (expenses) benefit				
Revenues and expenses from the promotional privileges		1,302		(885)
Revenues and expenses not deductible for tax purposes				
income tax expense		104		2,564
Effect of taxable loss not recognized as deferred tax asset		-		(1,429)
Utilize tax benefits from loss carry forward		2,394		-
Recognition of deferred tax for the years		(1,345)		(1,451)
Adjustment from prior years		2		-
Income tax income	-	<u>(1,343)</u>	-	<u>(1,451)</u>

30. 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:

Item	Promotional Card		Commenced date of revenue generated
	No.	Date	
1	2357(2)/2013	6 August 2013	23 January 2014
2	2358(2)/ 2013	6 August 2013	25 July 2014
3	2360(2)/ 2013	6 August 2013	25 January 2015
4	2362(2)/ 2013	6 August 2013	1 May 2015
5	2363(2)/ 2013	6 August 2013	4 September 2016
6	2364(2)/ 2013	6 August 2013	27 April 2017
7	2365(2)/ 2013	6 August 2013	20 July 2017
8	2366(2)/ 2013	6 August 2013	23 September 2017
9	2367(2)/ 2013	6 August 2013	7 February 2018
10	65-0130-1-00-1-0	20 December 2021	29 April 2022
11	65-1587-1-00-1-0	3 November 2022	1 June 2023
12	66-1217-2-00-1-0	22 August 2023	10 November 2023
13	66-1479-2-00-1-0	10 October 2023	1 December 2023

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 (Item 1-9) and tax exemption for Promotional Card (Item 10-13) has a period of 5 years from the date of first earning income from that business. In the event that the business operates at a loss during the period of exemption from corporate income tax, the promoted person will be allowed to deduct the annual loss incurred during that time from the net profit incurred after receiving the promotion. Exemption from corporate income tax for a period not exceeding 5 years from the date of expiration of that period. Which can choose to deduct it from the net profits of any year or many 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.
- * Requesting cancellation of Board of Investment (BOI) certificate that have ended their tax benefits for a total of 10 cards, which the company has fully complied with the conditions within the specified period. Without any tax burden, the company has issued a letter requesting to cancel the investment promotion certificate. To the Office of the Board of Investment which has been approved According to the announcement of the Office of the Board of Investment Bor. 74/2023 as of February 3, 2023 (Item 1-5) and Bor.88/2023 as of February 17, 2023 (Item 6-10)

Item	Promotional Card		Date of start income from business operation	BOI cancellation announcement
	No.	Date		
1	*1214(2)/2009	8 December 2008	4 April 2009	3 February 2023
2	*1874(2)/2009	14 September 2009	30 March 2011	3 February 2023
3	*1446(2)/2011	21 February 2011	24 May 2011	3 February 2023
4	*1178(2)/ 2012	29 December 2011	26 December 2011	3 February 2023
5	*1627(2)/ 2012	28 March 2012	12 March 2012	3 February 2023
6	*2576(2)/ 2012	14 September 2012	8 August 2012	17 February 2023
7	*2577(2)/ 2012	14 September 2012	6 October 2012	17 February 2023
8	*1220(2)/2013	26 December 2012	5 February 2013	17 February 2023
9	*1221(2)/2013	26 December 2012	25 March 2013	17 February 2023
10	*1590(2)/2013	13 March 2013	13 March 2013	17 February 2023

- ** Request for cancellation of Board of Investment (BOI) certificate that have ended tax benefits for a total of 6 cards, which Thai Smile Airways Company Ltd. has fully complied with the conditions within the specified period. Without any tax burden, Thai Smile Airways Company Limited has issued a letter requesting to cancel the Board of Investment (BOI) certificate. To the Office of the Board of Investment, which has been approved according to the announcement of the Office of the Board of Investment at Bor.89/2023 as of February 17, 2023 (Item 1- 3, 5, 6) and Bor.109/2023 as of On March 7, 2023 (Item 4)

Item	Promotional Card		Date of start income announcement	BOI cancellation announcement
	No.	Date		
1	**1465(2)/o./2014	9 April 2014	7 July 2012	17 February 2023
2	**1466(2)/o./2014	9 April 2014	20 January 2013	17 February 2023
3	**1467(2)/o./2014	9 April 2014	27 October 2013	17 February 2023
4	**1468(2)/o./2014	9 April 2014	5 February 2014	7 March 2023
5	**1469(2)/o./2014	9 April 2014	23 October 2014	17 February 2023
6	**1470(2)/o./2014	9 April 2014	23 March 2015	17 February 2023

The company must comply with various conditions specified in the Board of Investment (BOI) certificate in order to comply with the announcement of the Office of the Board of Investment No. Por. 14/1998, dated December 30, 1998, regarding the method of reporting income for promoted for the years ended December 31, 2023 and 2022, the Company's total sales revenue Classified by activities that receive investment promotion and those that do not receive investment promotion as follows:

Unit: Million Baht						
Consolidated financial statements						
	Promoted business		Non-promoted business		Total	
	2023	2022	2023	2022	2023	2022
Revenue from sales or services	55,492	47,965	101,954	56,120	157,446	104,085
Unit: Million Baht						
Separate financial statements						
	Promoted business		Non-promoted business		Total	
	2023	2022	2023	2022	2023	2022
Revenue from sales or services	55,492	47,965	93,499	48,651	148,991	96,616

31. SHAREHOLDERS' EQUITY

31.1 Revaluation Surplus

Revaluation surplus is revaluation surplus of land and building net of tax. Such revaluation surplus is amortized on a straight-line basis over the remaining life of the related assets and recorded directly to retained earnings.

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

31.2 The registration of the increase of registered capital

On December 14, 2022, the Company already completed the registration of the increase of the Company's registered capital from the original registered capital of Baht 21,827,719,170 to Baht 336,824,601,650.

32. OPERATING SEGMENT

Identifying factors of the reportable segments

The Company determines the reportable segments based on the nature of the products and provided services, which the management has considered from the organizational structure in relation to commercial aviation 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 recorded revenue transfer transaction between segments with sale prices that charged to the unaffiliated customers net of discount. For ground customer services segment recorded at cost net of discount. For other activities, segment recorded as cost of mutual agreements. Those transferred transactions will be eliminated in consolidated financial statements.

Gain (loss) before income tax of each segment 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 year ended December 31, 2023 and 2022, The group did not have revenues from sales and services with a single external customer contributed to 10% or more of total revenues.

32.1 Financial information by segment

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

Unit : Million Baht

	Consolidated financial statements							
	Air Transportation		Business Units		Other Activities		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
External Revenues (see Note 25)	146,776	95,549	7,193	5,976	3,477	2,342	157,446	103,867
Inter - segment revenue (expenses)	(6,963)	(4,695)	5,160	3,222	1,803	1,473	-	-
Interest income	1,394	65	-	-	2	-	1,396	65
Other income	2,585	1,230	100	37	9	13	2,694	1,280
Gain from debt restructuring	3,956	-	-	-	-	-	3,956	-
Total Revenues	147,748	92,149	12,453	9,235	5,291	3,828	165,492	105,212
Aircraft fuel expenses	(47,765)	(38,378)	-	-	-	-	(47,765)	(38,378)
Employee benefits expenses	(6,197)	(3,942)	(3,119)	(2,468)	(1,393)	(1,277)	(10,709)	(7,687)
Flight service expenses	(14,029)	(9,034)	(5)	(11)	-	-	(14,034)	(9,045)
Depreciation and amortization expenses	(10,106)	(8,564)	(662)	(651)	(621)	(666)	(11,389)	(9,881)
Reversal (loss) from impairment on rotatable aircraft's spare part	(77)	9,521	-	-	-	-	(77)	9,521
Other expenses	(32,073)	(28,849)	(4,898)	(2,628)	(1,134)	(510)	(38,105)	(31,987)
Gain (Loss) from foreign exchange rate	(1,066)	(1,512)	-	-	1	-	(1,065)	(1,512)
Finance costs	(15,610)	(12,687)	-	-	(1)	-	(15,611)	(12,687)
Share of (loss) gain on investment in associates	64	(4)	-	-	-	-	64	(4)
Loss on debt restructuring	-	(5,238)	-	-	-	-	-	(5,238)
Total Expenses	(126,859)	(98,687)	(8,684)	(5,758)	(3,148)	(2,453)	(138,691)	(106,898)
Profit (loss) before income tax expenses	20,889	(6,538)	3,769	3,477	2,143	1,375	26,801	(1,686)
Income tax income (expenses)	1,342	1,450	-	-	(20)	(16)	1,322	1,434
Profit (loss) by segments	22,231	(5,088)	3,769	3,477	2,123	1,359	28,123	(252)

Unit : Million Baht

	Consolidated financial statements							
	Air Transportation		Business Units		Other Units		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Current assets	89,740	55,642	717	598	1,517	817	91,974	57,057
Investments in associates	575	511	-	-	-	-	575	511
Property, plant and equipment	38,206	39,120	5,011	5,239	1,362	1,610	44,579	45,969
Right-of-use assets	61,037	58,262	2,654	2,757	1,357	850	65,048	61,869
Other non-current assets	34,699	30,011	1	-	12	14	34,712	30,025
Non-allocated assets	2,103	2,747	-	-	-	-	2,103	2,747
Total assets							238,991	198,178
Current liabilities	68,508	56,843	505	349	998	516	70,011	57,708
Non-current liabilities	207,900	205,517	37	-	-	29	207,937	205,546
Non-allocated liabilities	4,185	5,949	-	-	-	-	4,185	5,949
Total Liabilities							282,133	269,203

32.2 Revenues by Geographical Segment

Operating segments classified by geographical in the consolidated financial statements for the year ended December 31 are as follows:

	Unit: Million Baht Consolidated financial statements	
	2023	2022
Domestic Revenues		
Air Transportation	9,412	6,425
Business Unit	7,193	5,976
Others	3,477	2,342
Foreign Revenues		
Air Transportation		
Asia	72,422	42,206
Europe	51,727	37,900
Australia & New Zealand	13,215	9,018
Total Revenues	157,446	103,867

33. PROVIDENT FUND

The Group and their employees have joint to establish a provident fund in accordance with the Thai Provident Fund Act B.E. 2530. The Group and the employees will pay contributions to the fund monthly. The members who had working year less than 20 years pay at 9% of salaries and the members who had working year more than 20 years pay at 10% of salaries. During the period of January 2023 to December 2024, the Group pays contributions to the fund at 5% of salaries for the employees who had working year less than 20 years and at 6% of salaries for the employees who had working year more than 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 employees when the employees resign according to regulations of the Group's fund. For the years ended December 31, 2023 and 2022, the Group recognized the contribution paid as an expense in the consolidated financial statements in the amount of Baht 362 million and Baht 323 million, respectively, and the Company recognized that contribution paid as an expense in the separate financial statements in the amount of Baht 343 million and Baht 300 million, respectively.

34. FINANCIAL INSTRUMENTS

34.1 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.

As at December 31, 2023 and 2022, the Company did not have derivative financial instrument transactions because the Company had entered the business rehabilitation process. Therefore the Company does not enter into an additional contract.

34.2 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 or sale inventory

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

34.2.1 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, 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 rates in the financial statements. In addition, the Company manages source of fund and has a policy to enter into Cross Currency Swap (CCS) when the financial market is favorable to the Company and Forward contract to hedge the future obligation that has underlying exposures.

As at December 31, 2023 and 2022, the Company did not have CCS transaction and Forward contract because the Company has entered the business rehabilitation process. Therefore, the Company has not entered into the contract.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at December 31, 2023 are as follows:

	Unit : Million Baht	
	Consolidated and Separate financial statements	
	Assets	Liabilities
US Dollar	53,418	126,931
Yen	2,872	6,672
Euro	7,728	6,285
Others	8,828	1,899

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, 2023 for a 10% change in foreign currency rates.

	Unit : Million Baht	
	Consolidated and Separate	
	financial statements	
	Assets	Liabilities
Gain (loss)		
- Appreciate 10%	(7,285)	14,179
- Depreciate 10%	7,285	(14,179)

34.2.2 Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds and finance lease payable at both fixed and floating interest rates. The Company manages the risk by maintaining an appropriate portion between fixed and floating rate borrowings and using interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Interest rate 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, 2023 and 2022 would decrease/increase by Baht 100 million and Baht 308 million, respectively. (Excluding rent of aircraft operating leases). 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.

As at December 31, 2023 and 2022, the Company does not have interest rate swap contract transaction due to the Company has entered the business rehabilitation process. Therefore, the Company has not entered into the additional contract.

34.2.3 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 impacts 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.

As at December 31, 2023 and 2022, the Company did not have any derivative transaction for hedge fuel price because the Company has entered the business rehabilitation process. Therefore, the Company has not entered into the additional contract.

34.3 Credit risk management

Note 8 details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit 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 financial statements.

34.4 Liquidity and interest risk management

As at December 31, 2023 and 2022, ultimate responsibility for liquidity risk management rests with the Plan Administrators, 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 process, which was on processing as the business rehabilitation plan of Central Bankruptcy Court as described in Note 5.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

Unit : Million Baht					
As at December 31, 2023	Effective Interest Rate (Per annum)	Consolidated Financial Statements		Total	Carrying Amount
		Less than 1 year	More than 1 year		
Trade and other payables	6.70 - 10.60	28,547	21,121	49,668	44,247
Loans from related parties	8.86	-	26,258	26,258	24,932
Loans from financial institution	1.52 - 11.68	-	12,241	12,241	8,399
Debentures	8.07 - 8.86	-	71,604	71,604	46,826

Unit : Million Baht					
As at December 31, 2022	Effective Interest Rate (Per annum)	Consolidated Financial Statements		Total	Carrying Amount
		Less than 1 year	More than 1 year		
Trade and other payables	6.70 - 10.60	25,037	16,340	41,377	38,834
Loans from related parties	8.86	454	26,258	26,712	24,361
Loans from financial institution	1.52 - 11.68	-	12,141	12,141	7,718
Debentures	8.07 - 8.86	-	71,604	71,604	42,765

Unit : Million Baht					
As at December 31, 2023	Separate Financial Statements				
	Effective Interest	Less than	More than 1	Total	Carrying
	Rate (Per annum)	1 year	year		Amount
Trade and other payables	6.79 - 10.60	27,340	21,121	48,461	43,040
Loans from related parties	8.86	-	26,258	26,258	24,932
Loans from financial institution	1.52 - 11.68	-	12,241	12,241	8,399
Debentures	8.07 - 8.86	-	71,604	71,604	46,826

Unit : Million Baht					
As at December 31, 2022	Separate Financial Statements				
	Effective Interest	Less than	More than 1	Total	Carrying
	Rate (Per annum)	1 year	year		Amount
Trade and other payables	6.79 - 10.60	23,148	16,340	39,488	36,945
Loans from related parties	8.86	454	26,258	26,712	24,361
Loans from financial institution	1.52 - 11.68	-	12,141	12,141	7,718
Debentures	8.07 - 8.86	-	71,604	71,604	42,765

34.5 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 approximated at fair value.
- level of fair value hierarchy of financial assets and financial liabilities, which fair value was disclosed and
- level of fair value hierarchy 1 to 3 is based on the degree to which the fair value is observable.

As of December 31, 2023 and 2022, cash and cash equivalents, trade receivables, other receivables, their carrying amounts approximate their fair value because of short-term maturity.

For carrying amounts of long-term loans from related parties and long-term loans from financial institutions, which had floating interest rate, have fair value approximated to their carrying amounts.

Financial assets measured at fair value

The following table presents the fair values of financial assets including the fair values hierarchy for financial assets recognized at fair value as at December 31, 2023 and 2022

				Unit : Million Baht	
				Separate	
				financial statements	
				2023	2022
				2023	2022
Financial assets measured at fair value					
through profit or loss					
Other non-current financial assets					
Investment in debt securities	Level 2	50	51	50	51
Investment in funds	Level 2	1	1	1	1
Investment in market-equity securities	Level 1	311	413	311	413
Investment in non-market equity securities	Level 3	312	312	312	312
Financial assets measured at fair value					
through other comprehensive income					
Other non-current financial assets					
Investment in non-market equity securities	Level 3	26	58	22	30

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

Types	Valuation techniques
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 funds	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.
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 (FVTOCI) is calculated by using the net asset value as of the reporting date. The fair value of investments in equity instrument measured at fair value through profit or loss (FVTPL) is calculated by present value of the forecast cash flow and discount with interest rate and the related risks.

During the year ended December 31, 2023, the Company did not transfer financial instruments between the fair value hierarchy.

Reconciliation of recurring fair value measurements of assets categorised within Level 3 of the fair value hierarchy as at December 31, 2023 are as follows:

	Unit : Million Baht Consolidated and Separate financial statements
Non - marketable equity securities	
- measured at fair value through profit or loss (FVTPL)	
Beginning balances of the year	312
Disposed during the year	-
Net gain recognized into profit or loss	-
Ending balances of the year	<u>312</u>

	Consolidated financial statements	Unit : Million Baht Separate financial statements
Non - marketable equity securities		
- measured at fair value through other comprehensive income (FVTOCI)		
Beginning balances of the year	58	30
Disposed during the year	-	-
Net gain recognized into other comprehensive income	(32)	(8)
Ending balances of the year	<u>26</u>	<u>22</u>

The methods used by the Company and its subsidiaries to estimate financial assets and liabilities that are not measured at fair value are as follows.

Cash and cash equivalents, trade receivable and other current receivables have book price close to fair value because these financial instruments mature in a short time.

Other long-term investments have fair value which is not significantly different from the carrying amount at the reporting date. Investment in mutual funds measured fair value by using the mutual fund's net asset method.

35. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has commitments which have not been recognized in the financial statements, are as follows:

35.1 Bank Guarantee

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

	Unit : Million (Currency)	
	Consolidated and Separate	
	financial statements	
	2023	2022
Bank Guarantee		
Issued by domestic banks		
THB Currency	210	212
Issued by foreign banks		
USD Currency	17	14
BDT Currency	-	10
AUD Currency	1	1
INR Currency	343	123
AED Currency	1	1
HKD Currency	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.

35.2 COMMITMENTS

As of December 31, 2023, the Company is awaiting delivery of aircraft, with a total future payment obligation under the aircraft operating lease agreements of approximately USD 1,766 million, and agreements to procure assets totaling approximately USD 8,000 million. The company has partially paid the pre-delivery payment for the aircraft.

36. DISPUTES AND SIGNIFICANT LITIGATION

36.1 Labor disputes and damages claim

The Company has been filed as defendant in domestic and foreign labor disputes for 4 case with claim amount of Baht 20 million and the complaints in domestic and foreign for 55 cases with claim amount of Baht 324 million. As of December 31, 2023, the Company's management, considering such disputes and claims based on facts and laws, considers that the impact of such matters is insignificant to the financial statements.

36.2 Tax dispute

36.2.1 The Company, as an entrepreneur in the Duty free zone, has received a letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, requested the Company to clarify the completeness of the certificate license of the import food for restricted products. The customs official has assessed additional taxes and duties according to 252 import entry declarations, which consisted of price of products in amount of Baht 493 million, import duty in amount of Baht 244 million, excise tax in amount of Baht 754 million, interior tax in amount of Baht 75 million, value added tax in amount of Baht 110 million, the subsidies for Thai Health Promotion Foundation in amount of Baht 15 million, and the subsidies for Thai Public Broadcasting Service in amount of Baht 11 million. The Company has submitted the letter of clarification to the Customs Department for consideration. In this regard, the Company has consultation letter on legal matters in relation to the importation of a group of products under the import control of food, fruit juice and other imports into the free zone of Thai Airways Catering, in the case of compliance with Section 152 of the Customs Act, B.E. 2560 to the Director-General of the Customs Department for consideration. The Custom Department has informed that the Company has imported goods into the free zone without license and collateral in order to perform business operation in duty free zone and bonded warehouses and has further informed during 2012 - 2017. From the inspection of importation of goods into duty free zone, can be summarize as the following:

1. During 2007-2012, from 251 imported items. The company has entered into a settlement agreement by notifying the new valuation and taxation. In the case of companies importing food and beverage products into the Kingdom, there were a total of 251 import declarations. It is a regulated product without a license while being imported from the relevant authorities. In the case of obtaining a license after importation, the fine shall be 10% of the price not less than Baht 1,000 but not more than Baht 20,000. In case of lack of license, the Company shall reimburse the amount according to the value of the incoming goods, which the Company has recognized as expenses in the financial statements. Approximately Baht 99 million.
2. During 2012-2017, from 623 imported items. 26 licensed import declarations were found and 568 post-imported licensed import declarations, totaling 594 items. Therefore, 29 items of imported goods without declaration or license were found.

The Company has sent the letter dated April 8, 2022 to 3 departments:

1. Secretary-General of the Food and Drug Administration
2. Director-General of the Department of Livestock Development
3. Director-General of the Excise Department

The Company's representative met with Secretary-General of the Food and Drug Administration in order to inform the facts about the reasons for requesting a waiver of importation without the need for a license. Also, the Company is in between setting up the meeting with Director-General of the Department of Livestock Development and Director-General of the Excise Department in order to inform the facts for the reasons for requesting a waiver of importation without a license to import as well.

At present, the Company is in the midst of verification for consideration of the import food for restricted products and permission import for consideration of disputes the Custom Department, including finding settle the disputes.

- 36.2.2 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 2020, the Company received letter of tax assessment notification for the year 2018 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 5,018 million. In addition, the Company received letter of tax assessment notification for the year 2019, consisted of 4 types of tax, which were special business tax, withholding tax, payroll tax and additional tax (from obstruction of operations) including tax assessed with fine and interest in the amount of Riel 10,633 million.

During the year 2022, the Company received letter of tax assessment notification for the year 2020 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 2,025 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 to 2020 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.

36.3 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.

For the obligation occurred after September 14, 2020, the Company and AOT have a mutual conclusions, According to the conclusion, the Company has agreed to pay the outstanding rent and utility charges totalling Baht 574 million, divided into 12 instalments. In addition, the Company has entered into a new lease agreement noting the criteria, conditions and the rental rate. According to this new lease agreement, it does not affect any disputes in relation to the original lease agreement.

36.4 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 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 6 months to review the information and submit a complaint about the SCC's claims by December 6, 2020. The court requires all economics experts to agree on how to calculate overcharge and share data. By submitting a report to the court by December 6, 2020, the court will then arrange for the next hearing.

For the case that the Company 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, 2023 and 2022, the management of the Company considered such disputes and litigation as described in Notes 36.1 to 36.4 based on the facts and the laws that the impacts of such matters will not significantly affect to the financial statements.

37. APPROVAL OF THE FINANCIAL STATEMENTS

This financial statements were approved by the Plan Administrator of the Company on February 22, 2024.