

No.0037/0291

STATE AUDIT OFFICE
OF THE KINGDOM OF THAILAND
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This letter is given to confirm that the English version of the auditor's report together with the consolidated financial statements for the year ended December 31, 2019 of Thai Airways International Public Company Limited and its subsidiaries and the Company's financial statements for the year ended December 31, 2019 of Thai Airways International Public Company Limited was translated by Thai Airways International Public Company Limited. The State Audit Office of the Kingdom of Thailand has reviewed the aforementioned English version of the auditor's report and the consolidated and the Company's financial statements and found that it is in agreement, as to form and content, with the Thai version of the auditor's report and the consolidated and the Company's financial statements for the same period.

Given on March 10, 2020

(signed) Pattra Showsri
(Pattra Showsri)
Deputy Auditor General



AUDITOR'S REPORT

To: The Shareholders of Thai Airways International Public Company Limited

Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries (the Group) and the Company's financial statements of Thai Airways International Public Company Limited (the Company), which comprise the consolidated and the Company's statements of financial position, as at December 31, 2019, the consolidated and the Company's statements of comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the year then ended, and notes to the consolidated and the Company's financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the above mentioned consolidated and the Company's financial statements present fairly, in all material respects, the consolidated financial position of the Group and financial position of the Company as at December 31, 2019, and their consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standards and Thai Standards on Auditing (TSAs). The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the



Consolidated and the Company's Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Group and the Company in accordance with the ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Company's financial statements, and has fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

Key Audit Matter

Key audit matter is the matter that, in the State Audit Office of the Kingdom of Thailand's professional judgment, was of most significance in the audit of the consolidated and the Company's financial statements of the current period. This matter was addressed in the context of the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Company's financial statements as a whole, and in forming the State Audit Office of the Kingdom of Thailand's opinion thereon, and the State Audit Office of the Kingdom of Thailand does not provide a separate opinion on this matter.

The State Audit Office of the Kingdom of Thailand has the following key audit matter to communicate:

Deferred tax assets

According to notes to the financial statements no. 8.10.1 Deferred tax assets and liabilities, deferred tax assets are recognized in the consolidated financial statements and the Company's financial statements as at December 31, 2019 amounting to THB 9,542.73 million and THB 9,526.91 million, respectively. At the end of each reporting period, the Company is required to review the carrying amount of deferred tax assets and reduced the recorded deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilized. For this purpose, the management had prepared the projections of operating results to consider whether the Company will have sufficient taxable profit



available for the deferred tax assets to be utilized as stated in notes to the financial statements no. 5.16 Income tax and no. 8.36 Projections of operating performance.

When preparing the projection of the operating performance, the management required to exercise high considerable judgment in order to set assumptions to forecast revenue and profit growth, including the assumptions that may be effected by global economic circumstances or the future global market. The management had to forecast the projection of utilizing deferred tax assets with the high discretion, particularly in forecasting and making assumptions concerning the future events. Additionally, the Company still had operating loss in this year, which there was the risk of forecasting the future profitability that mattered significantly for the State Audit Office of the Kingdom of Thailand.

The State Audit Office of the Kingdom of Thailand performed significant audit procedures as follows;

1. Assessing the reasonableness of the projections of revenues, expenses, profits growth, and taxable profits by examining related documents and making inquiries with the management regarding applied assumptions;

2. Evaluating and examining the evidences that the management used for those assumptions, especially projection of transportation revenues, the factors from passengers yield and number of passengers, comparing with the historical airline industry data, annual budget, strategic plans in the area of operation and marketing of the Company, and expenses efficiency plan;

3. Examining the deferred tax assets utilization plan correspond to the timing of utilization in order to determine the likelihood of utilization of those deferred tax assets. In particular, determining taxable profit or loss from both the portion that receive benefit of corporate income tax exemption in the Promotion Certificates from the Office of the Board of Investment of Thailand (BOI) and Non-BOI portion that do not receive Promotion Certificate for such exemption in order to consider probable sufficient taxable profit and deferred tax asset utilization in the future;

4. Considering and examining the reasonableness of carrying amount of deferred tax assets by considering the probable that the Company will have sufficient taxable profit in the future to utilize deferred tax assets;



5. Considering the sufficiency of information disclosure in accordance with Thai Financial Reporting Standard.

Emphasis of Matter

The State Audit Office of the Kingdom of Thailand draws attention to notes to the financial statements as follows;

1. Note 4 “Adjustments of the insignificant errors of prior periods”, which describes the correction of prior periods errors that recognized in the financial statements for the current period;
2. Note 6 “The Adoption of The New Thai Financial Reporting Standards (TFRSs)”, the Company and its subsidiaries have adopted TFRS 15, Revenue from Contracts with Customers, which was effective for the accounting periods beginning on or after January 1, 2019. The Company and its subsidiaries selected the modified retrospective approach by recognizing the effect with the beginning of accumulated earnings in the current period;
3. Note 7 “Corporate Transformation Plans”, which describes the major operational strategies in the Transformation Plan for the year 2019 and the preparation of the Transformation Plans for the year 2020 – 2024 as a business development framework;
4. Note 8.13 “Liquidity Management”, which describes how the Company acquired financing for business operations in the year 2019 and forecasted cash flow for the year 2020;
5. Note 8.23 “Transfer for compensation of the deficit”, which describes transferring the legal reserve and share premium amount to compensate the deficits of the Company.

The State Audit Office of the Kingdom of Thailand’s opinion is not modified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Company’s financial statements and auditor’s report thereon. The



annual report is expected to be made available to the State Audit Office of the Kingdom of Thailand after the date of this auditor's report.

The State Audit Office of the Kingdom of Thailand's opinion on the consolidated and the Company's financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated and the Company's financial statements, the State Audit Office of the Kingdom of Thailand's 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 consolidated and the Company's financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Company's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and the Company's financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated and the Company's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and the Company's 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 and the Company's financial reporting process.

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

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the Company's 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 the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the State Audit Standards and 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 the Company's financial statements.

As part of an audit in accordance with the State Audit Standards and TSAs, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:



- Identifies and assesses the risks of material misstatement of the consolidated and the Company's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's 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.

- Obtains 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 and the Company's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Concludes 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 the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the consolidated and the Company's financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the consolidated and the Company's financial statements, including the disclosures, and whether the consolidated and the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

State Audit Office of the Kingdom of Thailand



- Obtains 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. The State Audit Office of the Kingdom of Thailand is responsible for the direction, supervision and performance of the group audit. The State Audit Office of the Kingdom of Thailand remains solely responsible for the State Audit Office of the Kingdom of Thailand's audit opinion.

The State Audit Office of the Kingdom of Thailand communicates 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 the State Audit Office of the Kingdom of Thailand identifies during the State Audit Office of the Kingdom of Thailand's audit.

The State Audit Office of the Kingdom of Thailand also provides those charged with governance with a statement that the State Audit Office of the Kingdom of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and communicates with them all relationships and other matters that may reasonably be thought to bear on the State Audit Office of the Kingdom of Thailand's independence, and where applicable, related safeguards.

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

(Signed) *Pattra Showsri*



(Pattrra Showsri)
Deputy Auditor General

(Signed) *Balloon Sirisingsongchai*
(Balloon Sirisingsongchai)
Director of Financial and Procurement Audit Office No.11

February 28, 2020

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

Unit : Baht

		<u>CONSOLIDATED</u>		<u>THE COMPANY'S</u>	
		<u>FINANCIAL STATEMENTS</u>		<u>FINANCIAL STATEMENTS</u>	
	<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
ASSETS					
Current Assets					
Cash and cash equivalents	8.1	21,663,207,227	13,691,848,724	20,873,087,866	12,523,360,617
Current investments		38,836	38,264	-	-
Trade receivables	8.2	9,181,900,902	10,394,067,903	8,364,155,497	9,705,911,027
Prepaid expenses and deposits	8.37	1,957,773,620	1,901,473,890	2,175,663,652	2,108,715,826
Inventories and supplies	8.3	4,696,671,103	4,947,017,527	4,655,962,418	4,901,658,139
Other current assets	8.4	12,011,681,033	12,702,976,136	17,830,225,716	20,535,369,827
Non-current assets held for sale	8.5	22,854,424	490,157,613	22,854,424	490,157,613
Total Current Assets		49,534,127,145	44,127,580,057	53,921,949,573	50,265,173,049
Non-Current Assets					
Investments in associates	8.6.1	2,100,845,364	2,299,713,942	1,234,106,581	1,234,106,581
Investments in subsidiaries	8.6.1	-	-	1,810,209,913	1,810,209,913
Other long-term investments	8.6.2	64,064,849	69,002,222	60,830,049	66,017,122
Property, plant and equipment	8.8	167,117,563,340	179,598,685,050	167,084,330,970	179,558,497,148
Intangible assets	8.9	283,631,296	236,352,618	213,437,758	228,806,503
Deferred tax assets	8.10.1	9,542,734,180	10,650,722,771	9,526,915,305	10,632,997,811
Maintenance reserves	8.11, 8.37	13,004,318,189	13,538,579,947	12,956,242,174	13,552,030,457
Other non-current assets	8.12, 8.37	15,017,862,886	18,200,559,755	14,876,217,753	18,053,609,572
Total Non-Current Assets		207,131,020,104	224,593,616,305	207,762,290,503	225,136,275,107
Total Assets		256,665,147,249	268,721,196,362	261,684,240,076	275,401,448,156

The accompanying notes are an integral part of these financial statements.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

Unit : Baht

		CONSOLIDATED		THE COMPANY'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		4,510,327,528	5,167,608,841	4,189,133,757	4,946,272,359
Accrued expenses		16,350,073,981	18,130,323,417	15,348,946,835	17,973,191,375
Current portion of long-term liabilities					
Long-term loans from financial institutions	8.14	3,768,076,923	3,185,096,154	3,768,076,923	3,185,096,154
Long-term loans from related parties	8.7.1, 8.14	1,624,674,694	1,448,088,914	1,624,674,694	1,448,088,914
Liabilities under finance leases	8.15	7,253,020,000	8,699,910,918	7,253,020,000	8,699,910,918
Debentures	8.16	9,085,000,000	9,530,000,000	9,085,000,000	9,530,000,000
Short-term loans from financial institutions		-	2,000,000,000	-	2,000,000,000
Short-term loans from related parties	8.7.1	3,500,000,000	1,000,000,000	3,500,000,000	1,000,000,000
Income tax payable		1,132,559	17,844,116	-	-
Other current liabilities					
Accrued dividends		57,038,694	54,556,981	54,260,694	54,403,981
Unearned transportation revenue		29,689,159,127	30,624,142,358	28,994,168,036	29,692,124,792
Others	8.17	8,528,562,780	9,050,865,454	8,568,728,928	10,283,990,506
Total Current Liabilities		84,367,066,286	88,908,437,153	82,386,009,867	88,813,078,999
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from financial institutions	8.14	5,105,288,461	4,173,365,397	5,105,288,461	4,173,365,397
Long-term loans from related parties	8.7.1, 8.14	12,790,068,847	15,638,001,158	12,790,068,847	15,638,001,158
Liabilities under finance leases	8.15	39,202,993,339	50,282,098,896	39,202,993,339	50,282,098,896
Debentures	8.16	65,023,000,000	55,320,000,000	65,023,000,000	55,320,000,000
Deferred tax liabilities	8.10.1	1,856,974,424	1,703,581,058	1,856,974,424	1,703,581,058
Staff pension fund	8.18	3,673,750,892	3,824,995,651	3,673,750,892	3,824,995,651
Employee benefit obligations	8.19	16,779,855,599	13,575,420,996	16,663,441,703	13,493,261,770
Long-term provisions	8.20	15,965,547,141	14,708,086,792	14,022,569,808	13,093,931,772
Other non-current liabilities		134,896,971	130,875,130	1,792,937,467	1,356,144,193
Total Non-Current Liabilities		160,532,375,674	159,356,425,078	160,131,024,941	158,885,379,895
Total Liabilities		244,899,441,960	248,264,862,231	242,517,034,808	247,698,458,894
Shareholders' Equity					
Share capital	8.22				
Authorized share capital					
2,698.90 million ordinary shares par value of Baht 10 each		26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital					
2,182.77 million ordinary shares par value of Baht 10 each		21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Share premium		1,862,979,154	25,545,316,308	1,862,979,154	25,545,316,308
Retained earnings					
Appropriated					
Legal reserve		-	2,691,275,568	-	2,691,275,568
Unappropriated		(19,383,394,191)	(35,907,023,773)	(11,875,509,973)	(28,533,077,895)
Other components of shareholders' equity		7,352,018,112	6,171,756,849	7,352,016,917	6,171,756,111
Total Company Shareholders' Equity		11,659,322,245	20,329,044,122	19,167,205,268	27,702,989,262
Non-controlling interests		106,383,044	127,290,009	-	-
Total Shareholders' Equity		11,765,705,289	20,456,334,131	19,167,205,268	27,702,989,262
Total Liabilities and Shareholders' Equity		256,665,147,249	268,721,196,362	261,684,240,076	275,401,448,156

The accompanying notes are an integral part of these financial statements.

Sumeth Damrongchaitham
 (Mr. Sumeth Damrongchaitham)
 President

Nattapong Samit-ampaipisarn
 (Mr. Nattapong Samit-ampaipisarn)
 Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht

		<u>CONSOLIDATED</u>		<u>THE COMPANY'S</u>	
		<u>FINANCIAL STATEMENTS</u>		<u>FINANCIAL STATEMENTS</u>	
	<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues					
Revenues from Sales or Services					
Passenger and excess baggage		149,044,250,701	160,255,180,477	141,391,907,930	150,591,550,463
Freight		17,242,992,085	21,639,512,371	17,245,876,019	21,640,732,337
Mail		540,349,624	700,891,715	540,349,624	700,891,715
Other activities		13,452,034,334	13,369,555,839	15,152,259,177	14,983,550,540
Total Revenues from Sales or Services		180,279,626,744	195,965,140,402	174,330,392,750	187,916,725,055
Other Income					
Interest income		196,131,554	175,370,095	190,044,539	170,077,219
Gain on foreign currency exchange rates		4,439,258,477	910,848,196	4,583,991,027	890,338,751
Other income - Others	8.24	3,766,254,046	3,534,582,155	4,098,797,324	3,973,962,494
Gain on changes in ownership interest		273,177,862	-	-	-
Total Other Income		8,674,821,939	4,620,800,446	8,872,832,890	5,034,378,464
Total Revenues		188,954,448,683	200,585,940,848	183,203,225,640	192,951,103,519
Expenses					
Aircraft fuel expenses		54,675,194,646	60,095,677,157	50,804,826,722	56,261,516,980
Employee benefits expenses	8.25	31,171,648,957	30,874,607,242	30,384,503,955	29,958,199,105
Flight service expenses		21,058,256,685	22,164,846,590	19,419,619,264	20,887,692,337
Crew expenses		6,241,614,091	5,629,910,006	5,708,279,804	5,142,524,274
Aircraft repair and maintenance costs		19,321,533,731	20,087,736,505	17,167,401,670	18,482,370,455
Depreciation and amortization expenses		16,787,211,108	19,045,361,201	16,761,089,359	19,026,265,580
Lease of aircraft and spare parts		15,029,384,424	15,016,993,147	20,386,830,739	14,605,570,422
Inventories and supplies expenses		9,100,798,414	9,110,482,191	8,516,974,673	8,581,313,986
Selling and advertising expenses		10,637,026,412	10,843,388,858	9,861,433,383	9,841,166,237
Insurance expenses		628,380,490	590,318,725	536,734,013	510,932,307
Impairment loss of assets		178,202,757	309,011,023	178,202,757	309,011,023
Impairment loss of aircraft	8.26	455,712,627	3,149,969,372	455,712,627	3,149,969,372
Other expenses	8.27	10,040,116,238	10,243,201,353	9,491,945,435	9,819,672,402
Finance costs		4,440,770,542	4,507,462,622	4,440,770,542	4,507,462,622
Share loss of associates		223,202,616	522,830,120	-	-
Total Expenses		199,989,053,738	212,191,796,112	194,114,324,943	201,083,667,102
Loss before Income Tax Expense		(11,034,605,055)	(11,605,855,264)	(10,911,099,303)	(8,132,563,583)
Income tax (expense) income	8.10.2	(981,865,522)	36,730,039	(964,410,670)	68,290,659
Loss for the year		(12,016,470,577)	(11,569,125,225)	(11,875,509,973)	(8,064,272,924)
Other comprehensive income (loss)					
Items that might be reclassified to profit or loss in subsequent periods					
Effective portion of gain on changes in fair value of cash flow hedges		1,475,326,008	321,055,050	1,475,326,008	321,055,050
Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges		(295,065,202)	(64,211,010)	(295,065,202)	(64,211,010)
Unrealized gain (loss) on remeasuring available-for-sale investments		572	401	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments		(115)	(80)	-	-
Items that will not be reclassified to profit or loss in subsequent periods					
Actuarial gain (loss) on employee benefit obligations		12,555,059	(267,145,227)	-	(267,145,227)
Income tax related to actuarial gain (loss) on employee benefit obligations		(2,511,012)	53,429,046	-	53,429,046
Share of other comprehensive income of joint ventures and associates		23,413,058	-	-	-
Other Comprehensive Income for the year - Net of Tax		1,213,718,368	43,128,180	1,180,260,806	43,127,859
Total Comprehensive Income (loss) for the year		(10,802,752,209)	(11,525,997,045)	(10,695,249,167)	(8,021,145,065)
Profit (loss) Attributable to					
Owners of the Parent		(12,042,405,969)	(11,625,168,787)	(11,875,509,973)	(8,064,272,924)
Non-controlling interests		25,935,392	56,043,562	-	-
		(12,016,470,577)	(11,569,125,225)	(11,875,509,973)	(8,064,272,924)
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		(10,829,192,946)	(11,582,040,607)	(10,695,249,167)	(8,021,145,065)
Non-controlling interests		26,440,737	56,043,562	-	-
		(10,802,752,209)	(11,525,997,045)	(10,695,249,167)	(8,021,145,065)
Loss per Share	8.29				
Basic loss per share		(5.52)	(5.33)	(5.44)	(3.69)

The accompanying notes are an integral part of these financial statements.

Sumeth Damrongchaitam
(Mr. Sumeth Damrongchaitam)
President

Nattapong Samit-ampaipisarn
(Mr. Nattapong Samit-ampaipisarn)
Executive Vice President, Finance and Accounting

(TRANSLATION)

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

	Owners of the parent												Non-controlling Interests	Total Shareholders' Equity
	Issued and Paid-up Share Capital	Share Premium	Retained Earnings		Other Components of Shareholders' Equity							Total Owners of the Parent		
					Other Comprehensive Income (loss)									
			Appropriated Legal reserve	Unappropriated	Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to revaluation surplus on assets	Unrealized gain (loss) on remeasuring available-for-sale investment	Income tax related to unrealized gain (loss) on remeasuring available-for-sale investment	Total other components of shareholders' equity			
Balance as at January 1, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(24,239,600,441)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	521	(104)	6,086,373,086	31,911,083,691	101,714,295	32,012,797,986
Changes in Shareholders' Equity														
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(30,375,010)	(30,375,010)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(91,800)	(91,800)
Add Change in the ownership interests in subsidiary	-	-	-	1,038	-	-	-	-	-	-	-	1,038	(1,038)	-
Less Profit (loss) for the year 2018	-	-	-	(11,625,168,787)	-	-	-	-	-	-	-	(11,625,168,787)	56,043,562	(11,569,125,225)
Less Transfer revaluation surplus on disposed assets	-	-	-	171,460,598	-	-	(214,325,748)	42,865,150	-	-	(171,460,598)	-	-	-
Add Other comprehensive income (loss) for the year 2018	-	-	-	(213,716,181)	321,055,050	(64,211,010)	-	-	401	(80)	256,844,361	43,128,180	-	43,128,180
Balance as at December 31, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(35,907,023,773)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	20,329,044,122	127,290,009	20,456,334,131
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(35,907,023,773)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	20,329,044,122	127,290,009	20,456,334,131
Add Modified retrospective adjustments from changes in accounting policy	-	-	-	2,159,465,173	-	-	-	-	-	-	-	2,159,465,173	-	2,159,465,173
Balance After adjustment	21,827,719,170	25,545,316,308	2,691,275,568	(33,747,558,600)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	22,488,509,295	127,290,009	22,615,799,304
Changes in Shareholders' Equity														
Transfer of legal reserve and share premium to compensate deficits	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-	-	-	-	-
Less Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(47,250,006)	(47,250,006)
Less Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	(91,800)	(91,800)
Add Change in the ownership interests in subsidiary	-	-	-	5,896	-	-	-	-	-	-	-	5,896	(5,896)	-
Less Profit (loss) for the year 2019	-	-	-	(12,042,405,969)	-	-	-	-	-	-	-	(12,042,405,969)	25,935,392	(12,016,470,577)
Add Other comprehensive income (loss) for the year 2019	-	-	-	32,951,760	1,475,326,008	(295,065,202)	-	-	572	(115)	1,180,261,263	1,213,213,023	505,345	1,213,718,368
Balance as at December 31, 2019	21,827,719,170	1,862,979,154	-	(19,383,394,191)	819,128,131	(163,825,626)	8,370,893,014	(1,674,178,602)	1,494	(299)	7,352,018,112	11,659,322,245	106,383,044	11,765,705,289

The accompanying notes are an integral part of these financial statements.

Sumeth Damrongchaitam
 (Mr. Sumeth Damrongchaitam)
 President

Nattapong Samit-ampaipisarn
 (Mr. Nattapong Samit-ampaipisarn)
 Executive Vice President, Finance and Accounting

(TRANSLATION)

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht

THE COMPANY'S FINANCIAL STATEMENTS

	Issued and Paid-up Share Capital	Share Premium	Retained Earnings		Other Components of Shareholders' Equity							Total Shareholders' Equity
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income (loss)							
					Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to revaluation surplus on assets	Unrealized gain (loss) on remeasuring available-for-sale investments	Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments	Total other components of shareholders' equity	
Balance as at January 1, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(20,426,549,388)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	-	-	6,086,372,669	35,724,134,327
Changes in Shareholders' Equity												
Less Loss for the year 2018	-	-	-	(8,064,272,924)	-	-	-	-	-	-	-	(8,064,272,924)
Less Transfer revaluation surplus on disposed assets	-	-	-	171,460,598	-	-	(214,325,748)	42,865,150	-	-	(171,460,598)	-
Add Other comprehensive income (loss) for the year 20	-	-	-	(213,716,181)	321,055,050	(64,211,010)	-	-	-	-	256,844,040	43,127,859
Balance as at December 31, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(28,533,077,895)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	-	-	6,171,756,111	27,702,989,262
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(28,533,077,895)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	-	-	6,171,756,111	27,702,989,262
Add Modified retrospective adjustments from changes in accounting policy	-	-	-	2,159,465,173	-	-	-	-	-	-	-	2,159,465,173
Balance after adjustment	21,827,719,170	25,545,316,308	2,691,275,568	(26,373,612,722)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	-	-	6,171,756,111	29,862,454,435
Changes in Shareholders' Equity												
Transfer of legal reserve and share premium to compensate deficits	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-	-	-
Less Loss for the year 2019	-	-	-	(11,875,509,973)	-	-	-	-	-	-	-	(11,875,509,973)
Add Other comprehensive income (loss) for the year 20	-	-	-	-	1,475,326,008	(295,065,202)	-	-	-	-	1,180,260,806	1,180,260,806
Balance as at December 31, 2019	21,827,719,170	1,862,979,154	-	(11,875,509,973)	819,128,131	(163,825,626)	8,370,893,014	(1,674,178,602)	-	-	7,352,016,917	19,167,205,268

The accompanying notes are an integral part of these financial statements.

Sumeth Damrongchaitam
(Mr. Sumeth Damrongchaitam)
President

Nattapong Samit-ampaipisarn
(Mr. Nattapong Samit-ampaipisarn)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY'S</u>	
	<u>FINANCIAL STATEMENTS</u>		<u>FINANCIAL STATEMENTS</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities				
Loss before income tax expense	(11,034,605,055)	(11,605,855,264)	(10,911,099,303)	(8,132,563,583)
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortization expenses	16,787,211,108	19,045,361,201	16,761,089,359	19,026,265,580
Aircraft lease fee	540,376,757	501,611,436	540,376,757	501,611,436
Dividends received	(1,175,176)	(1,202,907)	(331,770,051)	(346,164,144)
Share loss of investments in associates by equity method	223,202,616	522,830,120	-	-
Gain on changes in ownership interest	(273,177,862)	-	-	-
Interest income	(196,131,554)	(175,370,095)	(190,044,539)	(170,077,219)
Interest expenses	4,440,770,542	4,507,462,622	4,440,770,542	4,507,462,622
Loss (gain) on disposal of assets	12,099,579	(731,681,814)	11,847,737	(731,661,996)
Loss (gain) on sales of aircraft	16,453,704	(54,906,952)	16,453,704	(54,906,952)
Gain on foreign currency exchange rates	(2,249,819,331)	(857,439,603)	(2,309,653,800)	(866,986,566)
Gain on sale of investment	-	(656,955,062)	-	(697,500,000)
Employee benefit obligations	3,609,993,382	1,086,882,511	3,560,873,652	1,025,760,178
Provision for obsolete inventories and supplies	156,872,401	403,473,771	156,872,401	403,473,771
(Reversed) Doubtful accounts and bad debt	62,279,324	176,399,632	62,552,289	176,191,748
Impairment loss of aircraft	455,712,627	3,149,969,372	455,712,627	3,149,969,372
Impairment loss of assets	178,202,757	309,011,023	178,202,757	309,011,023
Operating profits before changes in operating assets and liabilities	12,728,265,819	15,619,589,991	12,442,184,132	18,099,885,270
Decrease (increase) in operating assets :				
Trade receivables	1,089,602,559	855,429,900	1,218,222,358	1,425,585,264
Inventories and supplies	93,474,023	(350,643,898)	88,823,320	(336,966,231)
Prepaid expenses and deposits	(106,702,569)	(82,445,321)	(115,376,435)	(18,483,960)
Tax refund	a 531,529,340	(1,001,754)	531,529,340	(1,001,754)
Other current assets	780,375,326	(399,681,601)	2,759,728,157	(1,510,049,292)
Non-current assets held for sale	1,244,614,279	1,266,583,913	1,244,614,279	1,266,583,913
Maintenance reserves	(23,047,549)	(3,162,729,909)	38,478,976	(3,190,473,509)
Security deposits for aircraft lease	248,115,000	247,201,811	248,115,000	247,201,811
Other assets	410,636,625	(264,645,787)	414,319,426	(250,306,242)
Deferred charges	10,955,797	(949,450,509)	-	(978,899,849)
Increase (decrease) in operating liabilities :				
Trade payables	(1,760,862,019)	(779,422,440)	(1,798,342,691)	(781,459,626)
Accrued expenses and other current liabilities	(2,457,103,771)	2,686,675,401	(4,494,122,989)	998,592,945
Staff pension fund	(151,244,759)	23,974,158	(151,244,759)	23,974,158
Unearned transportation revenues	1,224,621,863	(747,796,971)	1,461,648,338	(789,365,000)
Employee benefit paid	(393,003,719)	(372,977,915)	(390,693,719)	(372,977,915)
Other non-current liabilities	1,977,662,878	4,315,564,570	2,081,609,534	4,151,106,521
Proceeds from operations	15,447,889,123	17,904,223,639	15,579,492,267	17,982,946,504
Cash paid for income tax	(629,873,798)	(504,678,735)	(558,002,652)	(473,790,580)
Net Cash provided by Operating Activities	14,818,015,325	17,399,544,904	15,021,489,615	17,509,155,924

The accompanying notes are an integral part of these financial statements.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht

	<u>CONSOLIDATED</u>		<u>THE COMPANY'S</u>	
	<u>FINANCIAL STATEMENTS</u>		<u>FINANCIAL STATEMENTS</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Investing Activities				
Cash paid for acquisition of fixed assets	b (3,341,873,211)	(3,819,319,845)	(3,335,828,471)	(3,802,955,400)
Cash paid for intangible assets	(96,368,764)	(51,047,773)	(82,749,447)	(49,931,891)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	-	202,163,729	-	202,163,729
Cash received from sales of assets	3,019,915	3,834,882	3,019,915	3,811,518
Interest income	190,212,811	173,328,287	183,984,011	167,856,744
Dividends received	273,432,051	308,059,154	331,770,051	346,164,144
Investments decrease	1,135,302	1,976,938	1,385,002	1,849,938
Proceeds from sale of investment	-	922,500,000	-	922,500,000
Current investments decrease	-	160,000,000	-	-
Net Cash used in Investing Activities	(2,970,441,896)	(2,098,504,628)	(2,898,418,939)	(2,208,541,218)
Cash Flows from Financing Activities				
Proceeds from debentures	18,788,000,000	13,000,000,000	18,788,000,000	13,000,000,000
Proceeds from short-term loans	21,500,000,000	7,000,000,000	21,500,000,000	7,000,000,000
Proceeds from long-term loans	5,000,000,000	2,500,000,000	5,000,000,000	2,500,000,000
Proceeds from liabilities under finance leases	-	1,621,900,832	-	1,621,900,832
Cash paid for repayment of short-term loans	(21,000,000,000)	(11,328,167,000)	(21,000,000,000)	(11,328,167,000)
Cash paid for repayment of debentures	(9,530,000,000)	(10,250,000,000)	(9,530,000,000)	(10,250,000,000)
Cash paid for repayment of long-term loans	(5,077,670,091)	(4,916,602,710)	(5,077,670,091)	(4,916,602,710)
Cash paid for liabilities under finance leases	(9,411,722,751)	(10,605,563,785)	(9,411,722,751)	(10,605,563,785)
Cash paid for borrowings interest	(3,949,060,488)	(3,837,106,004)	(3,949,060,488)	(3,837,106,004)
Dividends paid	(143,287)	(169,155)	(143,287)	(169,155)
Dividends paid to non-controlling interests	(44,716,800)	(30,466,800)	-	-
Net Cash used in Financing Activities	(3,725,313,417)	(16,846,174,622)	(3,680,596,617)	(16,815,707,822)
Net increase (decrease) in cash and cash equivalents	8,122,260,012	(1,545,134,346)	8,442,474,059	(1,515,093,116)
Cash and cash equivalents at the beginning of the year	13,691,848,724	15,229,686,324	12,523,360,617	14,022,787,581
	21,814,108,736	13,684,551,978	20,965,834,676	12,507,694,465
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)	(150,901,509)	7,296,746	(92,746,810)	15,666,152
Cash and Cash Equivalents at the end of the year	c 21,663,207,227	13,691,848,724	20,873,087,866	12,523,360,617

The accompanying notes are an integral part of these financial statements.

Sumeth Damrongchaitham
(Mr. Sumeth Damrongchaitham)
President

Nattapong Samit-ampaipisarn
(Mr. Nattapong Samit-ampaipisarn)
Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note to Statements of Cash Flows

A. Tax Refund - Consolidated and the Company's Financial Statements

Unit : Million Baht

	<u>2019</u>
Proceed from income tax refund (P.N.D.50) for the year 2016	543.56
Adjustment of tax refund for the year 2018	(12.03)
	<u>531.53</u>
	<u>2018</u>
Adjustment of tax refund for the year 2017	(0.49)
Adjustment of tax refund for the year 2018	(0.51)
	<u>(1.00)</u>

B. Property, Plant and Equipment

Consolidated Financial Statements

During the year 2019, the Company bought property, plant and equipment totaling THB 3,471.25 million, cash payment in amount of THB 3,341.87 million and outstanding balance in amount of THB 129.38 million.

During the year 2018, the Company bought property, plant and equipment totaling THB 10,251.51 million, under finance leases in amount of THB 6,044.37 million, cash payment in amount of THB 3,819.32 million and outstanding balance in amount of THB 257.82 million.

The Company's Financial Statements

During the year 2019, the Company bought property, plant and equipment totaling THB 3,465.21 million, cash payment in amount of THB 3,335.83 million and outstanding balance in amount of THB 129.38 million.

During the year 2018, the Company bought property, plant and equipment totaling THB 10,105.15 million, under finance leases in amount of THB 6,044.37 million, cash payment in amount of THB 3,802.96 million and outstanding balance in amount of THB 257.82 million.

C. Cash and Cash Equivalents

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Company's Financial Statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents before effects of changes in foreign currency exchange rates	21,814.11	13,684.55	20,965.84	12,507.69
Effects of changes in foreign currency exchange rates	(150.90)	7.30	(92.75)	15.67
Cash and cash equivalents after effects of changes in foreign currency exchange rates	<u>21,663.21</u>	<u>13,691.85</u>	<u>20,873.09</u>	<u>12,523.36</u>

Sumeth Damrongchaitham
 (Mr. Sumeth Damrongchaitham)
 President

Nattapong Samit-ampaipisarn
 (Mr. Nattapong Samit-ampaipisarn)
 Executive Vice President, Finance and Accounting

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

Thai Airways International Public Company Limited (“the Company”) is incorporated as a public limited company in Thailand and is listed on the Stock Exchange of Thailand.

The address of its incorporated and registered office is as follow:

The head office of the Company is located at 89 Vibhavadee Rungsit Road, Chom Phon, Chatuchak, Bangkok, Thailand.

The Company’s principal activity is the operation of airline business and business units which concern directly with transportation.

As at December 31, 2019, the Company had the routes network servicing to 62 destinations in 31 countries all over the world, whereas 3 destinations were domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

The consolidated and the Company’s financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000), including Thai Accounting Standards which issued by the Accounting Profession Act B.E. 2547 (2004) and the Financial Reporting Requirements of the Securities and Exchange Commission, Thailand under the Securities and Exchange Act B.E. 2535 (1992).

The Company’s financial statements consist of Thai Airways International Public Company Limited and the Company’s staff pension fund.

The consolidated financial statements consist of the Company and its subsidiaries, which the subsidiaries are as follows:

Company’s Name	Type of Business	Located Country	Percentage of Share Holding	
			<u>2019</u>	<u>2018</u>
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%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Thai Smile Airways Company Limited	Air transportation services	Thailand	100%	100%
Held by the Subsidiary of the Company				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eurng Luang Company Limited	Tourism Business	Thailand	49%	49%

Thai Smile Airways Co., Ltd. received the Airline Operator License (AOL), Airline Operator Certificate (AOC) as well as Airline Designator Code from IATA on January 10, March 31 and April 1, 2014, respectively. In addition, Thai Smile Airways Co., Ltd. commenced its business operations on April 10, 2014.

The subsidiaries are controlled by the Company, directly or indirectly, in determining the financial policies and operations of such subsidiaries. Significant accounting transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

An English language version of the financial statements has been translated from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

These financial statements are prepared by the historical cost basis to measure the component of financial statements except for the other disclosures in the accounting policies.

3. THAI FINANCIAL REPORTING STANDARDS BEING EFFECTIVE IN THE FUTURE

Thai Financial Reporting Standards which are effective for accounting periods beginning on or after January 1, 2020:

TAS 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period
TAS 12	Income Taxes
TAS 16	Property, Plant and Equipment
TAS 19	Employee Benefits
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	The Effects of Changes in Foreign Exchange Rates
TAS 23	Borrowing Costs
TAS 24	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27	Separate Financial Statements
TAS 28	Investments in Associates and Joint Ventures
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 32	Financial Instruments : Presentation
TAS 33	Earnings per Share
TAS 34	Interim Financial Reporting
TAS 36	Impairment of Assets
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Assets
TAS 40	Investment Property
TAS 41	Agriculture

TFRS 1	First-time Adoption of Thai Financial Reporting Standards
TFRS 2	Share-based Payments
TFRS 3	Business Combinations
TFRS 4	Insurance Contracts
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 7	Financial Instruments : Disclosures
TFRS 8	Operating Segments
TFRS 9	Financial Instruments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TFRS 16	Leases
TSIC 10	Government Assistance-No Specific Relation to Operating Activities
TSIC 25	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 29	Service Concession Arrangements : Disclosures
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29, “Financial Reporting in Hyperinflationary Economies”
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 14	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments

Most of the revised Thai Financial Reporting Standards will not significantly impact the financial statements when adopted. However, the significant changes in Thai Financial Reporting Standards are summarized as follows:

Thai Financial Reporting Standard No.16 (TFRS 16), “Leases”

With reference to announcement of Federation of Accounting Professions (TFAC) regarding the implication of Thai Financial Reporting Standard No.16 (TFRS 16) “Leases” which is effective in Thailand for annual reporting periods beginning on or after January 1, 2020. This standard sets out the principles for the recognition, measurement, presentation and disclosure of Leases to ensure that users provide relevant information in a manner that faithfully represents those transactions. The underlying asset of Leases is recognized as “Right-of-Use” (ROU) asset and lease payment obligation is recognized as Lease Liabilities on the statements of financial position.

The company has adopted TFRS 16 since January 1, 2020, using the modified retrospective approach. Under this approach, the cumulative effect of adopting TFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2020, without restatement of comparative information. Therefore, the classification of leases and adjustment transactions from changing accounting policy will be recognized in statements of financial position at January 1, 2020.

The company measures the amount of Right-of-Use assets for contracts previously classified as operating leases equal to the lease liability amount and estimate costs of restoring the underlying asset to the return condition required by the lease’s terms and conditions, adjusted by the amount of any prepaid or accrued lease payments relating to those leases recognized in the statements of financial position at December 31, 2019. Lease liability measured at the present value of the remaining lease payments, discounted using the company’s incremental borrowing rate at the date of initial application, including the estimated restoration obligation associated with the maintenance condition of its aircraft on delivery to the lessor.

The company apply the recognition exemptions for leases with a remaining term of 12 months or less at the date of initial application and not require any adjustments on transition for leases for which the underlying asset is low value. Rental payments of these leases will be recognized as expenses in the statements of comprehensive income.

As at January 1, 2020 The Company expects the impact of TFRS 16 as follows:

	Unit : Million Baht	
	<u>Consolidated</u> <u>Financial</u> <u>Statement</u>	<u>The Company’s</u> <u>Financial</u> <u>Statement</u>
Statements of Financial Position		
As at January 1, 2020		
Right-of-Use - Aircraft and reserve engines	86,300	78,600
Right-of-Use - Land and Building	8,500	8,500
Right-of-Use - Other assets	100	100
Account Receivable - Sublease Agreement	-	7,700
Total Assets Impact	94,900	94,900
Lease Liabilities	94,700	94,700
Estimated restoration obligation	200	200
Total Liabilities Impact	94,900	94,900

Thai Financial Reporting Standard No.9 (TFRS 9), “Financial instruments”

The TFRS 9, “Financial instruments” establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When financial instruments standards are effective, some accounting standards, interpretations and guidance which are currently effective will be superseded. The impacts from adoption of TFRS – Financial instruments are as follows:

Classification – Financial assets

TFRS 9 classifies financial assets by measurement into three categories: amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by Thai Accounting Standard (TAS) No. 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Company on recognition when the derivatives were exercised.

Measurement at amortized cost

Under TFRS 9, interest incomes and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Company on recognition of both finance cost and finance income at the rate specified in the contract.

Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking “expected credit loss” (ECLs) model whereas, currently, the Company estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

Classification – Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories; amortized cost and FVTPL. A financial liability is classified as financial liability measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Company is required to ensure that hedge accounting relationships are aligned with the Company's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

Currently, the Company had derivatives for foreign currency exchange rate risk, interest rate risk, fuel price risk and which were recognized when the derivatives were exercised. However, TFRS 9 has an option to apply the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

The practice during transition

The company expects to adapt these set of Thai Financial Reporting Standards for the first time by adjusting the impact to the retained earnings or other components of shareholders' equity as of January 1, 2020. In the result of adaptation, the Company will not apply these set of TFRSs to the comparative information. In order to comply with the change in accounting measurement, reclassification and impairment of financial instrument, the Company expects approximately the increase of total asset at THB 1,100 million, decrease of total liabilities THB 200 million, resulting in increase of retained earnings and other components of shareholders' equity THB 1,300 million. However the management is reviewing the impact from Thai Financial Reporting Standards' accounting models, which will be effective in the commenced period.

4. Adjustments of the insignificant errors of prior periods

4.1 During this accounting period, the company adjusted the airport fee liability, which is a part of the ticket price collected from passengers before 2016, to be recognized as other income totaling THB 1,976.56 million because the Company has no obligations to pay the fee to the airports in each country. Based on assumptions from the historical data, the Company has not been charged for airport fee liability which older than three years since initial recognition date.

4.2 During this accounting period, the company adjusted the vacation compensation expense (unutilized annual leave, which has not been used within three years as stipulated by the company regulations) which were accrued as accrued expenses during the year 2015-2018 totaling THB 1,261.53 million because the payment of compensation must be complied with the Company's regulation according to the specified time in the order of the Company. The Company found that no compensation was requested within the specified time, therefore, there is no obligation to recognize liability in the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**5.1 Allowance for Doubtful Accounts**

Trade receivables, excluding government agencies and state enterprises, are set aside an allowance for doubtful accounts by analysing a payment history and connection data together with aging analysis of each trade receivables as a criteria at the following rates:

Overdue Periods:	Allowance for doubtful accounts (percentage)
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100

5.2 Inventories and Supplies

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

5.2.1 Active aircraft spare parts' provision for obsolescence is at an annual rate of 10 percent of the year-end balance of aircraft spare parts.

5.2.2 Slow moving aircraft spare parts and spare parts for sales are spare parts not moving over two years or spare parts for aircraft not represented in the fleet. Provision for obsolescence is gradually made at an annual rate of 33.33 percent of the cost until completion of the value.

5.2.3 Provision for obsolete and damaged inventories is made at the full amount.

5.3 Non-current Assets Held for Sale

Non-current assets held for sale are presented at the lower of carrying amount and fair value less costs to sell. Furthermore, the sale is highly probable and expected to qualify for recognition as a completed sale within one year from the date of classification.

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

5.4 Investments

5.4.1 Investments in subsidiary and associated companies are recorded by using the cost method in the Company's financial statements. Investment in associated companies are recorded by using equity method in the Consolidated financial statements.

5.4.2 Temporary investments in debt securities held-to-one year maturity are stated by the amortized cost method. A premium or discount on debt securities is amortized according to an effective interest rate. The amortized amount will be taken to adjust to an interest income.

5.4.3 Long-term investments in non-marketable equity securities are presented at cost net of a provision for impairment. An impairment loss is recognized in the statements of comprehensive income.

5.5 Property, Plant and Equipment and Depreciation

5.5.1 Aircraft and aircraft under finance leases

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

2) Passenger seats are presented at cost as separated assets from the aircraft cost and depreciated on a straight-line basis over an estimated useful life of 5 years. When the replacement costs incur, they are accounted for as the separate assets and the replaced assets will be written off.

3) Aircraft overhaul (D-check) costs, the first estimated overhaul costs, are presented at cost as separate assets from the aircraft cost and depreciated over the period of the next scheduled overhaul 4-7 years depending on type of aircraft. When these costs incur, the asserted assets will be expensed and replaced by the incurred overhaul cost.

5.5.2 Aircraft spare parts are presented at cost on the acquisition date and depreciated on a straight-line basis over an estimated useful life of 5-20 years.

5.5.3 The land are presented at a revalued amount using market approach method, starting from accounting period year 2015 onward. The revaluation was done by the independent appraiser qualified by the Securities and Exchange Commission, Thailand (SEC). The revaluation shall be made every five years or shall be considered if there are any changes that affect the fair value of land significantly. The revaluation surplus are recognized in other comprehensive income and accumulated in equity. The Company has not a policy to pay dividend on revaluation surplus of assets.

5.5.4 Other fixed assets are presented at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 3-30 years.

5.5.5 Leasehold buildings are amortized as expense over a lease term of 10-30 years.

5.5.6 Gain or loss on sale of aircraft are calculated from the difference between the net consideration from aircraft selling and the carrying amount of the aircraft, including D-check and passenger seats and recognized as revenue or expense in the statements of comprehensive income.

5.6 Intangible Assets

Software license and cost that are directly associated with identifiable and unique software product, which can be separated, identified costs and have an economic useful life over one accounting period, will be recognized as an intangible asset at cost and amortized as expenses on a straight-line basis over useful life of 5 years.

Expenses arising from developing or maintaining computer software are recognized as expenses when incurred.

5.7 Non-performing Assets

Non-performing assets are presented at the lower of carrying amount and fair value less costs of disposal. The assets have been committed to a sale plan, but the sale process was not qualified for recognition as a completed sale within one year from the date of classification.

Losses on impairment are recognized in the statements of comprehensive income.

5.8 Impairment of Assets

Assets may be impaired whenever there is an indicator that the carrying amount of the asset exceeds its recoverable amount. A recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. The Company has considered to impair decommissioned aircraft and spare engine. The Company's aircraft appraisal expert has determined the recoverable amount of aircraft based on active market price announced by aircraft professional appraisers, and making adjustment for condition and lifetime of aircraft in accordance with aircraft appraisal standard procedures.

The Company recognizes an impairment loss in the statements of comprehensive income when the carrying amount of the asset exceeds its recoverable amount. However, the Company reverses the impairment loss when there is an indicator that the impairment has no longer existed or amount of impairment has decreased.

5.9 Deferred Charges

5.9.1 Aircraft overhaul costs (D-check) for aircraft under operating lease are presented as deferred charges, and amortized as expenses over an estimated useful life of four to seven years but not over the lease term.

5.9.2 Loan guarantee premiums are presented as deferred charge, and amortized as expenses over the period of loans in each accounting period.

5.9.3 Buyer Furnished Equipments for aircraft under operating lease are amortized as expenses over the lease term.

5.10 Liabilities under Finance Leases

Liabilities under finance leases are liabilities from the purchase of aircraft under long-term finance leases with financial institutions and are presented at obligation to pay lease payments less aggregate repayments.

5.11 Revenue Recognition

5.11.1 Passenger and excess baggage revenue:

1) Income from ticket sales and service orders is recorded to unearned transportation revenue and recognized as revenue when transportation is provided. For passengers using the services of other airlines, the difference between the selling price charged by the Company and the amount billed to the Company by those airline performing the services is recognized as revenue.

2) Unused tickets and service orders are recognized as revenue after 15 months from the issuing date.

5.11.2 Freight revenue is recognized as revenue when the Company provides the services and issues its Air Waybill. For freight carried by other air carriers, the difference between the selling price charged by the Company and the amount billed to the Company by those air carriers performing the services is recognized as revenue.

Freight with respect to which the Company has issued an Air Waybill but carried by other air carriers is recognized as revenue if the other air carriers do not bill within one year.

5.11.3 The Company has operated a frequent flyer program called “Royal Orchid Plus” since 1993. Members can exchange accumulated mileage for services. The Company calculates stand-alone selling price rate per mile by average stand-alone selling price of air award redemption and other award redemption, then weighted by all award redemption.

Both air award and other award redemption stand-alone selling price are calculated using the same concept. Air award redemption stand-alone selling price is calculated from the average net collected fare in each zone divided by the number of miles redeemed for awards in that zone then weighted by each zonal redemption. Other award redemption stand-alone selling price 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. The estimated mileage redemption cost is used to reduce passenger revenue and recorded liabilities under “unearned transportation revenue”. Revenue is recognized when members redeem awards.

1) Mileage collection and redemptions with Star Alliance partners involve interline billing arrangements and costs per mile specified in partner redemptions agreements. Revenue is recognized when transportation is provided.

2) The Company sells mileage to its members in order to encourage redemptions and recognizes the difference between the sale price and stand-alone selling price per mile as revenue.

3) Unredeemed awards are recognized as revenue after three years.

5.11.4 Revenue from business units (i.e. aircraft maintenance services, ground customer services, ground handling and equipment services, and cargo and mail commercial services)

is recognized when services are provided. Revenue from catering services is recognized when sales occur. Revenue from supporting activities such as Duty free sale on board and THAI shop is recognized when sales occur, but revenue from dispatch services is recognized when services are provided.

5.11.5 Other revenue is recognized on an accrual basis.

5.12 Earnings per Share

Basic earnings per share is calculated by dividing a profit or loss of owners of the parent by the weighted average number of ordinary shares outstanding during the period.

5.13 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht by using average buying and selling exchange rate of the Bank of Thailand at transaction date, starting from January 1, 2015 onward.

Assets and liabilities in foreign currency at year-end are translated into Baht by the closing rate of the average buying and average selling rates of commercial banks announced by the Bank of Thailand at the statements of financial position date, respectively. Gains or losses on currency exchange are recognized as income or expenses in the statements of comprehensive income.

5.14 Employee Benefit Obligations

Short - term employee benefits are recognized as expenses in the statements of comprehensive income.

The Company's obligation concerning post-employment benefits under the defined benefit plans and other long-term benefits are recognized in the financial statements using the Projected Unit Credit Method based on calculations by a qualified actuary. Actuarial gains and losses for the Company's defined benefit plans and other long-term benefits are recognized in the other comprehensive income.

5.15 Staff Provident Fund

On June 26, 1992, the Company established an "Employee of Thai Airways International Public Company Limited Registered Provident Fund" in accordance with the Provident Fund Act B.E. 2530. The fund is managed by a professional fund manager and does not appear on the Company's statements of financial position. The Company contributes to the fund on a monthly basis at a rate of 9 percent of salaries for members having not more than 20 years of service and 10 percent for members having more than 20 years of service. Contributions are recognized as expenses of the Company in the statements of comprehensive income.

5.16 Income tax

Income tax consist of current income tax and deferred tax.

Current Income tax

The Company and its subsidiaries record current income tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

The Company and its subsidiaries record deferred income tax based on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted by the end of the reporting period.

The Company and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences while recognize deferred tax assets for all deductible temporary differences and unused tax losses (tax losses carryforward) to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and unused tax losses (tax losses carryforward) can be utilized. At each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to the items that are recorded directly to shareholders' equity.

5.17 Accounting Estimates

The Company and its subsidiaries have applied the accounting estimates and many assumptions in preparation of financial statements to conform to the generally accepted accounting principles. These have impact on the amounts of revenue, expenses, assets, liabilities as well as the disclosure of contingent assets and liabilities which may be differed from actual results.

The estimates and assumptions used in the preparation of financial statements are consistently reviewed. Revisions to accounting estimates are recognized in the reviewed accounting periods and affected future periods.

5.18 Financial Instruments

The Company uses financial instruments which are Interest Rate Swap (IRS) and Cross Currency Swap (CCS) to reduce the fluctuation risk from an interest rate and exchange rate by entering into a Swap Confirmation to exchange the principal amount and interest at maturity according to the contract. Each party will pay and receive the principal and/or interest in the agreed currency and interest rate. The arising interest difference is recognized as interest expenses in the statements of comprehensive income and the principal difference is recognized as gains or losses on foreign currency exchange in the statements of comprehensive income. For the forward foreign exchange contracts, the Company recognizes in its financial statements at maturity. The arising difference from such contracts will be recognized as gains or losses on foreign currency exchange in the statements of comprehensive income.

In addition, the Company entered into fuel price hedging agreements in which premium and the difference of the fuel price arising from these agreements are recognized as expenses in the statements of comprehensive income.

5.19 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries have measured fair value and disclosed the information relating to fair value measurement by using the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except when the active market or a quoted market price is not available, the cost approach or income approach is used.

Fair Value Hierarchy

In applying the aforementioned approaches, the Company and its subsidiaries endeavors to use the most possible relevant observable inputs by determining a fair value hierarchy that categorizes inputs into three levels as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company is able to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

5.20 Hedge Accounting

Cash Flow Hedge Accounting

When the Company uses financial instrument as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the financial instrument is recognized in other comprehensive income which separately disclosed in shareholders' equity while the ineffective portion of profit and loss will be acknowledged from foreign exchange rates in the statements of comprehensive income.

The profit or loss incurred from effective portion of cash flow hedges in other components of shareholders' equity is reclassified to profit or loss in the same period which the hedged forecast cash flow affect profit or loss. The reclassification adjustment will result in an increase or decrease transportation and excess baggage revenue.

When hedge items is no longer expected to occur, the cumulative gain or loss that was presented in the shareholders' equity shall be immediately recognized in the statements of comprehensive income.

6. THE ADOPTION OF THE NEW THAI FINANCIAL REPORTING STANDARDS

According to the announcement of Thai Financial Reporting Standard No. 15 (TFRS 15), “Revenue from contracts with customers”, has been applied to accounting periods beginning on or after January 1, 2019 onwards. It affects to the revenue measurement and recognition of the possibility of unused tickets and accumulated mileage, and the calculation of accumulated mileage value from the stand-alone selling prices. Therefore, those affect to the historical transactions recorded as an unearned transportation revenue in the current liabilities as at December 31, 2018 totaling amount THB 2,159.46 million to be adjusted against the beginning balances of retained earnings.

The Company uses the modified retrospective approach to recognize the impact to beginning balance of retained earnings in the current period, which affect to the related transaction as follows:

Consolidated Statements of Financial Position as at January 1, 2019

Unit : Million Baht			
Item	As at December 31, 2018 based on previous TFRSs	The effect on the adoption of TFRS 15	As at January 1, 2019 based on TFRS 15
Current Liabilities			
Unearned transportation revenue	30,624.14	(2,159.46)	28,464.68
Shareholders' Equity			
Unappropriated retained earnings	(35,907.02)	2,159.46	(33,747.56)

The Company's Statements of Financial Position as at January 1, 2019

Unit : Million Baht			
Item	As at December 31, 2018 based on previous TFRSs	The effect on the adoption of TFRS 15	As at January 1, 2019 based on TFRS 15
Current Liabilities			
Unearned transportation revenue	29,692.12	(2,159.46)	27,532.66
Shareholders' Equity			
Unappropriated retained earnings	(28,533.07)	2,159.46	(26,373.61)

Moreover, the Company has the effect on the adoption of TFRS 15 in the current period as follows:

The Company considers the expenses paid to the agents to encourage sale volume as the additional cost of contract obtaining and records along the relevant period of the revenue recognition from the contracts as the selling and advertising expense.

The Company considers the bonus mileage from the first time ROP enrollment as the uncommitted mileage apart from passenger service. The Company, therefore, records this expense as the promotion expense and presents in the selling and advertising expense.

For freight carried by other air carriers, the Company recognizes income by Gross method, since the Company act as the principal of freight service and has the right to command or control other air carriers to provide services to the customers. The Company has to recognize the expenditure paid to other air carriers as the selling and advertising expenses.

Consolidated Statements of Financial Position as at December 31, 2019

Unit : Million Baht

Item	As at December 31, 2019 based on previous TFRSs (before compensation)	The effect to the balance brought forward on the adoption of TFRS 15	Unappropriated retained earnings after the deficits	The effect to the current period on the adoption of TFRS 15	As at December 31, 2019 based on TFRS 15
Current Liabilities					
Unearned transportation revenue	34,412.99	(2,159.46)		(2,564.37)	29,689.16
Shareholders' equity					
Unappropriated retained earnings	(50,480.83)	2,159.46	(48,321.37)		
Less Transfer of legal reserve and share premium to compensate with retained earnings (Note 8.23)			26,373.61		
Unappropriated retained earnings after the deficits			(21,947.76)	2,564.37	(19,383.39)

The Company's Statements of Financial Position as at December 31, 2019

Unit : Million Baht

Item	As at December 31, 2019 based on the previous TFRSs (before compensation)	The effect to the balance brought forward on the adoption of TFRS 15	Unappropriated retained earnings after the deficits	The effect to the current period on the adoption of TFRS 15	As at December 31, 2019 based on TFRS 15
Current Liabilities					
Unearned transportation revenue	33,404.41	(2,159.46)		(2,250.78)	28,994.17
Shareholders' equity					
Unappropriated retained earnings	(42,659.36)	2,159.46	(40,499.90)		
Less Transfer of legal reserve and share premium to compensate with retained earnings (Note 8.23)			26,373.61		
Unappropriated retained earnings after the deficits			(14,126.29)	2,250.78	(11,875.51)

Consolidated Statements of Comprehensive Income for the year ended December 31, 2019

Unit : Million Baht			
Item	For the year ended December 31, 2019 based on previous TFRSs	The effect on the adoption of TFRS 15	For the year ended December 31, 2019 based on TFRS 15
Passenger and excess baggage revenue	145,727.83	3,316.42	149,044.25
Freight revenue	17,105.74	137.25	17,242.99
Selling and advertising expenses	(9,747.73)	(889.30)	(10,637.03)
Profit (loss) for the year	(14,580.84)	2,564.37	(12,016.47)
Basic (loss) earnings per share (Baht)	(6.69)	1.17	(5.52)

The Company's Statements of Comprehensive Income for the year ended December 31, 2019

Unit : Million Baht			
Item	For the year ended December 31, 2019 based on previous TFRSs	The effect on the adoption of TFRS 15	For the year ended December 31, 2019 based on TFRS 15
Passenger and excess baggage revenue	138,249.45	3,142.46	141,391.91
Freight revenue	17,108.63	137.25	17,245.88
Selling and advertising expenses	(8,832.50)	(1,028.93)	(9,861.43)
Profit (loss) for the year	(14,126.29)	2,250.78	(11,875.51)
Basic (loss) earnings per share (Baht)	(6.47)	1.03	(5.44)

7. CORPORATE TRANSFORMATION PLANS

In 2019, the Company continues to follow the Corporate Transformation Plan with the goal to achieve profitable business performance and sustainability, and to improve efficiency and high standard service quality while persistently maintaining the international safety and service standards. The Plan comprises 5 main strategies and followings:

1. Aggressive Profit Strategy; includes
 - 1.1 Financial Structure Management Project
 - 1.2 Ancillary and e-Commerce Revenue Boost Project
 - 1.3 OEM Catering Business Project
 - 1.4 Plan Buy Fly Sell Project
 - 1.5 THAI MRO Master Plan Project
2. Business/Assets Portfolio Strategy; includes The Civil Aviation Authority of Thailand (CAAT) and Airport of Thailand (AOT) Public Company Limited Cooperation Enhancement Project
3. Customer Experiences Strategy; includes Customer Centric Building and Integrated Service Ring Project
4. Digital Technology Strategy; includes Sales and Distribution Optimization-Web Sales Project
5. Effective Human Capital Management Strategy; includes Organization Structure Development Project

The Company has continued to turn the above strategies and plans into actions through implementation plans. In the meantime, since the Company and its subsidiaries' performance reported losses for the first six months of 2019, the Company reassessed external environment of aviation industries, analyzed market and competitive situation including internal environments. The transformation plan was revised and updated with prompt measures taken in parallel with the above strategies until the end of 2019. The revised plan comprises of 3 main initiatives i.e. revenue enhancement, cost efficiency and performance and efficiency improvement. To increase revenue, personalized marketing strategy is executed to improve ancillary revenues and accelerate digital marketing by using big data and data analytics in marketing analysis to increase online sales. To manage cost effectively, the Company issued measures to eliminate unnecessary expenses and reduce management and board remuneration with voluntary pay reduction. To improve performance and efficiency, the Company improved fleet management efficiency by expediting aircraft acquisition plan which is appropriate for the Company's business, and monitored the decommissioning and sale activities of grounded aircraft and other assets to be in line with selling plan, managed long term plan to reduce debt and debt-to-equity ratio with the purpose of minimizing the company's financial risks. In addition, to ensure good governance, organizational structure required improvement to suit the company's business and requires the best fill for major executives and employees.

The Transformation Plan 2020-2024 is under preparation and submission for board approval. The Plan is considered 3 main initiatives as a business development framework to minimize crisis and business risk, recover loss and make profit. The initiatives comprise 1) revenue enhancement 2) cost efficiency 3) performance and efficiency improvement, in which the following strategies and activities are executed:

1. Revenue Enhancement. Profits for the Company are determined by increasing revenue from airline business and enhance the model to aviation business by the following strategies:

- 1.1 Optimize Transportation Revenue
- 1.2 Boost Other Revenues
- 1.3 Expand Business Opportunity

2. Cost Efficiency. In order to achieve competitive advantage through cost excellence, the following strategies are executed:

- 2.1 Streamline Work Process (Reprocess)
- 2.2 Maximize Asset Management
- 2.3 Manage Fuel and Foreign Exchange Rate

3. Performance and Efficiency Improvement. The following strategies are executed:

- 3.1 Strengthen Network and Fleet
- 3.2 Enhance Customer Experience
- 3.3 Develop Partnerships with Government Sectors and Other SOEs
- 3.4 Analysis of Business Model Adjustment
- 3.5 TG Culture Changes

8. SUPPLEMENTARY INFORMATION**8.1 Cash and Cash Equivalents**

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash on hand - Domestic	12.50	14.54	10.23	12.03
Cash on hand - Abroad	18.44	28.55	18.44	28.55
Cash at banks - Domestic	12,560.94	6,727.22	12,032.08	5,561.25
Cash at banks - Abroad	<u>9,071.33</u>	<u>6,921.54</u>	<u>8,812.34</u>	<u>6,921.53</u>
Total	<u>21,663.21</u>	<u>13,691.85</u>	<u>20,873.09</u>	<u>12,523.36</u>

8.2 Trade Receivables

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Overdue Periods:				
Not over 6 months	8,816.92	10,017.29	8,223.31	9,333.51
Over 6 months to 1 year	383.67	340.47	159.02	340.47
Over 1 year to 2 years	227.87	193.37	227.88	188.35
Over 2 years	<u>1,031.53</u>	<u>1,063.83</u>	<u>1,002.09</u>	<u>1,034.25</u>
	10,459.99	11,614.96	9,612.30	10,896.58
<u>Less</u> Allowance for doubtful accounts	<u>(1,278.09)</u>	<u>(1,220.89)</u>	<u>(1,248.14)</u>	<u>(1,190.67)</u>
Trade receivables - net	<u>9,181.90</u>	<u>10,394.07</u>	<u>8,364.16</u>	<u>9,705.91</u>

Part of the outstanding overdue trade receivables belong to government agencies and state enterprises. The Company does not set aside the allowance for doubtful accounts for trade receivables of government agencies, while set aside the allowance for doubtful accounts for trade receivables of state enterprises when there is a significant indicator of uncollectible debt.

8.3 Inventories and Supplies

	<u>Consolidated</u> <u>Financial Statements</u>		<u>Unit : Million Baht</u> <u>The Company's</u> <u>Financial Statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Aircraft spare parts	3,246.75	3,430.65	3,246.75	3,430.65
<u>Less</u> Allowance for obsolescence (10 percent of the year - end balance)	<u>(324.67)</u>	<u>(343.06)</u>	<u>(324.67)</u>	<u>(343.06)</u>
Aircraft spare parts - Net	<u>2,922.08</u>	<u>3,087.59</u>	<u>2,922.08</u>	<u>3,087.59</u>
Slow moving aircraft spare parts and spare parts for sale	4,922.37	4,561.03	4,922.37	4,561.03
<u>Less</u> Allowance for obsolescence (33.33 percent)	<u>(4,264.45)</u>	<u>(4,047.11)</u>	<u>(4,264.45)</u>	<u>(4,047.11)</u>
Slow moving aircraft spare parts and spare parts for sale - Net	<u>657.92</u>	<u>513.92</u>	<u>657.92</u>	<u>513.92</u>
Vehicle spare parts and ground support equipments	<u>327.36</u>	<u>348.64</u>	<u>327.36</u>	<u>348.64</u>
Fuel and oil for aircraft	163.02	347.98	163.02	347.98
Goods for sales	259.41	270.47	252.89	265.15
Cabin supplies	192.13	233.41	164.37	200.06
Supplies and other consumables	24.56	24.10	23.51	23.78
Stationery and office supplies	99.48	103.49	94.10	97.12
Inventories and spare parts in transit	<u>50.71</u>	<u>17.42</u>	<u>50.71</u>	<u>17.42</u>
Total inventories and other supplies	<u>789.31</u>	<u>996.87</u>	<u>748.60</u>	<u>951.51</u>
Obsolete and damaged inventories and supplies for disposal	35.86	80.58	35.86	80.58
<u>Less</u> Allowance for obsolescence (100 percent)	<u>(35.86)</u>	<u>(80.58)</u>	<u>(35.86)</u>	<u>(80.58)</u>
Obsolete and damaged inventories and supplies for disposal - Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total inventories and supplies - Net	<u>4,696.67</u>	<u>4,947.02</u>	<u>4,655.96</u>	<u>4,901.66</u>
Total inventories and supplies at year - end	9,321.65	9,417.77	9,280.94	9,372.41
<u>Less</u> Total allowance for obsolete inventories and supplies	<u>(4,624.98)</u>	<u>(4,470.75)</u>	<u>(4,624.98)</u>	<u>(4,470.75)</u>
Total inventories and supplies - Net	<u>4,696.67</u>	<u>4,947.02</u>	<u>4,655.96</u>	<u>4,901.66</u>

8.4 Other Current Assets

	<u>Consolidated</u> <u>Financial Statements</u>		<u>Unit : Million Baht</u> <u>The Company's</u> <u>Financial Statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Tax refund	1,463.16	1,436.69	1,463.16	1,436.69
Cash at banks of pension fund	3,858.53	3,970.42	3,858.53	3,970.42
Accrued income	2,008.02	1,139.30	2,030.49	2,061.75
Receivables from related parties	594.98	2,160.46	5,546.80	9,358.33
Others	<u>4,086.99</u>	<u>3,996.11</u>	<u>4,931.24</u>	<u>3,708.18</u>
Total	<u>12,011.68</u>	<u>12,702.98</u>	<u>17,830.22</u>	<u>20,535.37</u>

8.5 Non-current assets held for sale**Unit : Million Baht**

	Aircraft	Other assets	Total
As at January 1, 2019	490.16	-	490.16
- Additions	926.16	1.44	927.60
- Impairment	(140.56)	-	(140.56)
- Disposals	(1,252.90)	(1.44)	(1,254.34)
As at December 31, 2019	22.86	-	22.86

As at January 1, 2019, non-current assets held for sale consisted of one A330-300 and two B747-400, totaling 3 aircraft in the amount of THB 490.16 million.

During the year 2019, non-performing assets were reclassified to non-current assets held for sale in the amount of THB 927.60 million consisted of four A330-300 in the amount of THB 926.16 million and other assets in the amount of THB 1.44 million.

Moreover, the Company recognized the impairment losses of two B747-400 and one A330-300 in the amount of THB 140.56 million .

The Company transferred the title of five A330-300 and one B747-400 in the amount of THB 1,252.90 million and sold other assets in the amount of THB 1.44 million which made a grand total of THB 1,254.34 million.

As at December 31, 2019, non-current assets held for sale consisted of one B747-400 in the amount of THB 22.86 million.

8.6 Investments**Consolidated Financial Statements****Unit : Million Baht**

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	2019	2018	Cost Method		Equity Method		2019	2018
			2019	2018	2019	2018		
8.6.1 Investments in associates recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company	-	24.00	-	225.00	-	265.54	-	13.52
<u>Less</u> Sale of total shares	<u>-</u>	<u>(24.00)</u>	<u>-</u>	<u>(225.00)</u>	<u>-</u>	<u>(265.54)</u>	<u>-</u>	<u>-</u>
Balance	-	-	-	-	-	-	-	13.52
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and for the year 2017 amount of THB 838.13 million)								
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	101.07	109.76	15.31	24.20
Bangkok Aviation Fuel Services Public Company Limited	22.59	22.59	115.19	115.19	1,271.80	1,250.82	218.23	250.79
(Fair value for the year 2019 amount of THB 3,455.60 million and for the year 2018 amount of THB 3,772.36 million)								
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	228.61	269.16	10.45	19.03
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	312.30	283.42	28.88	37.40
Nok Airlines Public Company Limited and its subsidiaries	15.94	21.80	735.59	735.59	<u>187.07</u>	<u>386.55</u>	<u>(199.48)</u>	<u>(867.77)</u>
(Fair value for the year 2019 amount of THB 990.78 million and for the year 2018 amount of THB 1,198.85 million)								
Total investments in associates recorded by equity method					<u>2,100.85</u>	<u>2,299.71</u>	<u>73.39</u>	<u>(522.83)</u>
8.6.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	-
Aeronautical Radio of Thailand Limited	1.36	1.36	8.97	8.95			-	-
SITA Investment Certificate	-	-	22.32	25.09			-	-
Trade Siam Company Limited	3.50	3.50	1.75	1.75			0.54	0.50
(paid 25 percent of authorized share capital)								
SITA Information Networking Computing	-	-	27.41	29.52			-	-
Other investments	-	-	2.60	2.68			0.63	0.70
Vayupak mutual Fund	-	-	<u>1.00</u>	<u>1.00</u>			<u>0.006</u>	<u>0.006</u>
Total other long-term investments			<u>64.06</u>	<u>69.00</u>			<u>1.18</u>	<u>1.20</u>

Total income on investments amounted of THB 73.39 million, consist of gain on changes in ownership interest in the amount of THB 273.18 million, share loss of associates in the amount of THB 223.20 million and share of other comprehensive income of associates in the amount of THB 23.41 million.

The Company's Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	2019	2018	2019	2018	2019	2018
8.6.1 Investments recorded by cost method						
Subsidiaries						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	57.75	37.12
WingSpan Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	0.59	0.98
Thai Smile Airways Company Limited	100.00	100.00	<u>1,800.00</u>	<u>1,800.00</u>	<u>-</u>	<u>-</u>
Total			<u>1,810.21</u>	<u>1,810.21</u>	<u>58.34</u>	<u>38.10</u>
Associates						
Royal Orchid Hotel (Thailand) Public Company Limited	-	24.00	-	225.00	-	26.44
<u>Less</u> Sale of total shares	<u>-</u>	<u>(24.00)</u>	<u>-</u>	<u>(225.00)</u>	<u>-</u>	<u>-</u>
Balance	-	-	-	-	-	26.44
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and for the year 2017 amount of THB 838.13 million)						
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	24.00	24.00
Bangkok Aviation Fuel Services Public Company Limited	22.59	22.59	115.19	115.19	197.25	181.42
(Fair value for the year 2019 amount of THB 3,455.60 million and for the year 2018 amount of THB 3,772.36 million)						
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	51.00	75.00
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries	15.94	21.80	<u>735.59</u>	<u>735.59</u>	<u>-</u>	<u>-</u>
(Fair value for the year 2019 amount of THB 990.78 million and for the year 2018 amount of THB 1,198.85 million)						
Total			<u>1,234.11</u>	<u>1,234.11</u>	<u>272.25</u>	<u>306.86</u>
Total Investments recorded by cost method			<u>3,044.32</u>	<u>3,044.32</u>	<u>330.59</u>	<u>344.96</u>

The Company's Financial Statements**Unit : Million Baht**

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
			Cost Method			
	2019	2018	2019	2018	2019	2018
8.6.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	-
Aeronautical Radio of Thailand Limited	0.87	0.90	5.74	5.97	-	-
SITA Investment Certificate	-	-	22.32	25.09	-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75	0.54	0.50
SITA Information Networking Computing	-	-	27.41	29.52	-	-
Other investment	-	-	2.60	2.68	0.63	0.70
Vayupak mutual Fund	-	-	<u>1.00</u>	<u>1.00</u>	<u>0.006</u>	<u>0.006</u>
Total other long-term investments			<u>60.83</u>	<u>66.02</u>	<u>1.18</u>	<u>1.20</u>

Associates are the entities in which The Company has significant influence. With the power to participate in financial and operation policy decision, but not to the level of control or joint control. The Company has representatives to be board of directors in Nok Airlines Public Company Limited, therefore the investment in Nok Airlines Public Company Limited considered as an investment in associates.

Control of the Subsidiaries

The Company holds more than 50 percent of total shares of the subsidiaries or has power over the subsidiaries. The Company is entitled to appoint board of directors who have voting rights and ability to direct the relevant activities of the subsidiaries in accordance with the proportion of shareholding or the terms of shareholders' agreement. As a result, the Company holds the majority of voting rights in the board of directors' meeting.

8.6.3 Financial Information Summary of Subsidiaries**Unit : Million Baht**

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Subsidiaries</u>				
Thai-Amadeus Southeast Asia Company Limited	309.84	76.84	283.54	58.55
WingSpan Services Company Limited	493.45	385.37	1,212.00	14.61
Thai Flight Training Company Limited	86.27	8.23	58.33	13.60
Tour Eurng Luang Company Limited	5.91	0.42	3.08	0.88
Thai Smile Airways Company Limited	3,894.51	10,775.73	14,454.53	(112.58)

Unit : Million Baht				
Name of Company	Assets	Liabilities	Income	Gains (Losses)
<u>Associates</u>				
Donmuang International Airport Hotel Company Limited	363.31	106.52	400.04	38.28
Bangkok Aviation Fuel Services Public Company Limited	17,332.80	9,447.85	3,956.22	966.06
Phuket Air Catering Company Limited	839.97	68.57	360.01	35.52
Suvarnabhumi Airport Hotel Company Limited	1,372.32	324.70	918.76	96.25
Nok Airlines Public Company Limited and its subsidiaries	15,296.51	18,720.05	19,976.77	(2,927.67)

Suvarnabhumi Airport Hotel Company Limited has a reporting period as at September 30, corresponds with a reporting period of Airport of Thailand Public Company Limited, a major shareholder of Suvarnabhumi Airport Hotel Company Limited.

8.7 Significant Transactions with Related Parties

8.7.1 Related Transactions with Major Shareholders

1) Short-term loans from related parties

Unit : Million Baht		
	2019	2018
Foreign loans via the Ministry of Finance	-	-
Loans via domestic Financial Institutions	<u>3,500.00</u>	<u>1,000.00</u>
Total	<u>3,500.00</u>	<u>1,000.00</u>

2) Long-term loans from related parties

Unit : Million Baht		
	2019	2018
<u>Current maturities of long-term loans</u>		
Foreign loans via the Ministry of Finance	1,089.81	1,198.64
Loans via domestic Financial Institutions	<u>534.86</u>	<u>249.45</u>
Total	<u>1,624.67</u>	<u>1,448.09</u>
<u>Long-term loans</u>		
Foreign loans via the Ministry of Finance	10,887.63	13,173.54
Loans via domestic Financial Institutions	<u>1,902.44</u>	<u>2,464.46</u>
Total	<u>12,790.07</u>	<u>15,638.00</u>

Foreign loans via the Ministry of Finance are loans that the Ministry of Finance entered into loan agreements with foreign entities and lent to the Company in Euro currency.

8.7.2 Related Transactions with Subsidiaries**1) Sales and Purchases**

	Unit : Million Baht			
	2019		2018	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	11.02	-	20.05	-
WingSpan Services Company Limited	4.33	1,119.93	7.99	1,113.89
Thai Flight Training Company Limited	20.23	-	30.47	0.05
Tour Eurng Luang Company Limited	47.60	0.11	41.86	0.05
Thai Smile Airways Company Limited	9,328.93	7,011.84	9,543.60	5,041.45

The related purchase transactions of Thai Smiles Airways Co., Ltd. present the increasing amount of purchase compare to the same period of last year due to the coordination of the integration strategy for efficient and concrete ticket sale for the passengers. The Company mainly controls the direction and the passenger ticket selling's strategy under the concept called "Block space concept" for 90 percent of total passenger seats per flight of every route of Thai Smile Airways Co., Ltd. starting from March 2019. The Company recognizes the cost of passenger ticket at the agreed price for both sold and unsold tickets and presents the cost under lease of aircraft and spare part expenses in the statements of comprehensive income in the occurring period.

2) Accounts Receivable and Accounts Payable

	Unit : Million Baht			
	2019		2018	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Thai-Amadeus Southeast Asia Company Limited	0.17	-	5.96	-
WingSpan Services Company Limited	239.86	298.79	284.08	582.61
Thai Flight Training Company Limited	2.58	-	4.09	-
Tour Eurng Luang Company Limited	0.33	-	7.60	-
Thai Smile Airways Company Limited	5,486.27	-	9,465.45	1,837.38

Related accounts receivable and accounts payable of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 238.86 million and THB 298.79 million, respectively.

3) Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at December 31, 2019, a total of such aircraft were 20 aircraft consisting of 15 aircraft under operating lease agreements with monthly lease payment and 5 aircraft under finance lease agreements with quarterly lease payment. The sublease term shall continue for the entire term of the main lease agreements.

8.7.3 Related Transactions with Associates

1) Sales and Purchases

Unit : Million Baht

	2019		2018	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	0.33
Donmuang International Airport Hotel Company Limited	-	0.10	-	0.02
Bangkok Aviation Fuel Services Public Company Limited	0.01	362.57	-	354.43
Phuket Air Catering Company Limited	0.29	125.92	1.50	133.28
Suvarnabhumi Airport Hotel Company Limited	-	26.03	-	19.65
Nok Airlines Public Company Limited and its subsidiaries	176.40	1.16	190.18	3.83

2) Accounts Receivable and Accounts Payable

Unit : Million Baht

	2019		2018	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	-
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	-	-
Phuket Air Catering Company Limited	0.01	-	0.04	2.34
Suvarnabhumi Airport Hotel Company Limited	-	-	-	1.62
Nok Airlines Public Company Limited and its subsidiaries	56.44	-	56.82	0.24

The Company's pricing policy is to purchase goods and services at market price from related parties on normal commercial term as unrelated parties.

(TRANSLATION)

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8.8 Property, Plant and Equipment**Consolidated Financial Statements
As at December 31, 2019****Unit : Million Baht**

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
Cost											
As at January 1, 2019	-	155,949.27	146,105.97	35,916.88	341.10	9,035.06	2,119.19	10,809.16	4,776.93	31,205.81	396,259.37
- Additions	991.66	391.41	562.26	1,555.67	222.23	-	6.07	-	88.16	771.76	4,589.32
- Adjust/Transfers	-	92.88	(2.70)	(207.03)	(218.89)	-	-	-	(70.10)	(409.86)	(815.70)
- Disposals/Write off	-	(507.27)	(681.18)	(650.11)	(11.71)	-	-	-	(11.86)	(20.70)	(1,882.83)
As at December 31, 2019	991.66	155,926.29	145,984.35	36,615.41	332.83	9,035.06	2,125.26	10,809.16	4,783.13	31,547.01	398,150.16
Accumulated depreciation											
As at January 1, 2019	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,633.82	28,513.51	216,660.68
- Depreciation	-	6,952.26	7,368.89	1,310.57	-	-	10.51	228.90	73.01	734.93	16,679.07
- Adjust/Transfers	-	-	-	(61.54)	-	-	-	-	(69.71)	(535.07)	(666.32)
- Disposals/Write off	-	(507.27)	(681.18)	(476.92)	-	-	-	-	(11.86)	(20.43)	(1,697.66)
- Allowance for impairment	-	-	-	56.83	-	-	-	-	-	-	56.83
As at December 31, 2019	-	116,447.95	47,193.68	25,037.35	-	-	2,096.94	6,938.48	4,625.26	28,692.94	231,032.60
Carrying amount											
As at December 31, 2018	-	45,946.31	105,600.00	11,708.47	341.10	9,035.06	32.76	4,099.58	143.11	2,692.30	179,598.69
As at December 31, 2019	991.66	39,478.34	98,790.67	11,578.06	332.83	9,035.06	28.32	3,870.68	157.87	2,854.07	167,117.56

(TRANSLATION)

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Consolidated Financial Statements
As at December 31, 2018

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
Cost											
As at January 1, 2018, as prior period	6,123.73	131,482.17	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	391,374.44
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	6,123.73	130,581.51	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	390,473.78
- Additions	-	658.03	6,902.14	2,508.78	621.31	-	-	-	79.48	658.90	11,428.64
- Adjust/Transfers	(6,123.73)	25,341.05	(22,285.82)	1,356.51	(879.30)	-	-	-	(59.10)	(617.57)	(3,267.96)
- Disposals/Write off	-	(631.32)	(529.63)	(1,170.45)	-	-	-	-	(12.56)	(31.13)	(2,375.09)
As at December 31, 2018	-	155,949.27	146,105.97	35,916.88	341.10	9,035.06	2,119.19	10,809.16	4,776.93	31,205.81	396,259.37
Accumulated depreciation											
As at January 1, 2018, as prior period	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	203,271.83
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	-	88,395.97	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	202,371.17
- Depreciation	-	8,070.36	8,205.06	1,407.26	-	-	13.91	229.98	79.50	791.92	18,797.99
- Adjust/Transfers	-	14,167.95	(15,968.90)	(33.05)	-	-	-	-	(58.85)	(617.01)	(2,509.86)
- Disposals/Write off	-	(631.32)	(529.63)	(795.84)	-	-	-	-	(12.56)	(29.27)	(1,998.62)
As at December 31, 2018	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,633.82	28,513.51	216,660.68
Carrying amount											
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	599.09	9,035.06	46.67	4,329.56	143.38	2,827.74	188,102.61
As at December 31, 2018	-	45,946.31	105,600.00	11,708.47	341.10	9,035.06	32.76	4,099.58	143.11	2,692.30	179,598.69

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**The Company's Financial Statements
As at December 31, 2019**

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
Cost											
As at January 1, 2019	-	155,949.27	146,105.97	35,916.88	328.08	9,035.06	2,119.19	10,809.16	4,746.95	31,102.62	396,113.18
- Additions	991.66	391.41	562.26	1,555.67	222.26	-	6.07	-	76.54	765.55	4,571.42
- Adjust/Transfers	-	92.88	(2.70)	(207.03)	(217.52)	-	-	-	(70.10)	(411.23)	(815.70)
- Disposals/Write off	-	(507.27)	(681.18)	(650.11)	-	-	-	-	(11.86)	(16.89)	(1,867.31)
As at December 31, 2019	991.66	155,926.29	145,984.35	36,615.41	332.82	9,035.06	2,125.26	10,809.16	4,741.53	31,440.05	398,001.59
Accumulated depreciation											
As at January 1, 2019	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,611.07	28,430.26	216,554.68
- Depreciation	-	6,952.26	7,368.89	1,310.57	-	-	10.51	228.90	65.55	729.49	16,666.17
- Adjust/Transfers	-	-	-	(61.54)	-	-	-	-	(69.71)	(535.07)	(666.32)
- Disposals/Write off	-	(507.27)	(681.18)	(476.92)	-	-	-	-	(11.86)	(16.87)	(1,694.10)
- Allowance for impairment	-	-	-	56.83	-	-	-	-	-	-	56.83
As at December 31, 2019	-	116,447.95	47,193.68	25,037.35	-	-	2,096.94	6,938.48	4,595.05	28,607.81	230,917.26
Carrying amount											
As at December 31, 2018	-	45,946.31	105,600.00	11,708.47	328.08	9,035.06	32.76	4,099.58	135.88	2,672.36	179,558.50
As at December 31, 2019	991.66	39,478.34	98,790.67	11,578.06	332.82	9,035.06	28.32	3,870.68	146.48	2,832.24	167,084.33

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The Company's Financial Statements
As at December 31, 2018

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
Cost											
As at January 1, 2018, as prior period	6,123.73	131,482.17	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	391,241.28
<u>Less</u> Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	6,123.73	130,581.51	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	390,340.62
- Additions	-	658.03	6,902.14	2,508.78	619.92	-	-	-	75.72	647.69	11,412.28
- Adjust/Transfers	(6,123.73)	25,341.05	(22,285.82)	1,356.51	(879.31)	-	-	-	(59.10)	(617.57)	(3,267.97)
- Disposals/Write off	-	(631.32)	(529.63)	(1,170.45)	-	-	-	-	(12.56)	(27.79)	(2,371.75)
As at December 31, 2018	-	155,949.27	146,105.97	35,916.88	328.08	9,035.06	2,119.19	10,809.16	4,746.95	31,102.62	396,113.18
Accumulated depreciation											
As at January 1, 2018, as prior period	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	203,174.20
<u>Less</u> Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	-	88,395.97	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	202,273.54
- Depreciation	-	8,070.36	8,205.06	1,407.26	-	-	13.91	229.98	73.67	786.05	18,786.29
- Adjust/Transfers	-	14,167.95	(15,968.90)	(33.05)	-	-	-	-	(58.85)	(617.01)	(2,509.86)
- Disposals/Write off	-	(631.32)	(529.63)	(795.84)	-	-	-	-	(12.56)	(25.94)	(1,995.29)
As at December 31, 2018	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,611.07	28,430.26	216,554.68
Carrying amount											
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	587.47	9,035.06	46.67	4,329.56	134.08	2,813.13	188,067.08
As at December 31, 2018	-	45,946.31	105,600.00	11,708.47	328.08	9,035.06	32.76	4,099.58	135.88	2,672.36	179,558.50

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As at December 31, 2019, there were 103 aircraft represented in the Company's fleet, consisting of 32 own aircraft, 32 aircraft under finance leases and 39 aircraft under operating leases.

From 34 aircraft of the total fleet, there were 2 own aircraft pledged as collateral with the carrying amount of THB 4,436.57 million and 32 aircraft under finance leases with carrying amount of THB 98,790.67 million were pledged as collateral for liabilities (Asset-based Financing). The ownership of these aircraft under finance leases will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term.

Aircraft spare parts consisted of aircraft engines and other aircraft spare parts.

The Company has buildings and equipment that are fully depreciated with historical cost of THB 95,342.54 million, the leasehold buildings in the amount of THB 3,947.94 million included.

Property, Plant and Equipment include the leasehold premises which are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 27, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 28, 2015 to September 27, 2018. The ownership of the buildings and component parts will be passed to the Ministry of Finance at the end of the lease term. The lease agreement at Donmuang Airport is currently under the negotiation.

The measurement of the Company's domestic and abroad land had been changed from historical cost of THB 899.86 million to revaluation model of THB 9,035.06 million, consisting of land in Bangkok, other provinces, and abroad in amount of THB 8,007.24 million, THB 301.66 million and THB 726.16 million, respectively, which excluded land classified as other non-current assets with the carrying amount of THB 242.83 million. The revaluation was done in September 2015 by the appraiser qualified by the Securities and Exchange Commission, Thailand (SEC).

8.9 Intangible Assets

	Unit : Million Baht	
	Consolidated Financial Statements	The Company's Financial Statements
Cost		
As at January 1, 2019	3,537.94	3,498.15
- Additions	155.42	79.55
- Adjust/Transfers	(0.85)	(0.85)
- Disposals/Write off	(0.27)	(0.27)
As at December 31, 2019	3,692.24	3,576.58
Accumulated amortization		
As at January 1, 2019	3,301.59	3,269.34
- Amortization	108.14	94.92
- Adjust/Transfers	(0.85)	(0.85)
- Disposals/Write off	(0.27)	(0.27)
As at December 31, 2019	3,408.61	3,363.14
Carrying amount		
As at December 31, 2018	236.35	228.81
As at December 31, 2019	283.63	213.44

8.10 Deferred Income Tax and Income Tax**8.10.1 Deferred Tax Assets and Liabilities**

	Consolidated		Unit : Million Baht	
	Financial Statements		The Company's	
	2019	2018	2019	2018
Deferred Tax Assets	9,542.73	10,650.72	9,526.91	10,632.99
Deferred Tax Liabilities	1,856.97	1,703.58	1,856.97	1,703.58

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Movement of deferred tax assets and liabilities during the year are as follows:

Unit : Million Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(4.11)	-	34.77	-
Contribution to staff pension fund	167.44	(63.44)	-	104.00	-
Allowance for obsolete inventories	894.15	(0.53)	-	893.62	-
Allowance for doubtful accounts	297.39	-	-	297.39	-
Allowance for impairment of assets	2,679.36	(672.82)	-	2,006.54	-
Estimated accrual expenses	155.48	(150.75)	-	4.73	-
Intangible assets	6.16	(6.16)	-	-	-
Employee benefit obligations	1,942.46	(76.41)	(2.51)	1,863.54	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(131.24)	-	-
Tax losses carryforward	4,336.06	-	-	4,336.06	-
Others	<u>2.10</u>	<u>(0.02)</u>	<u>-</u>	<u>2.08</u>	<u>-</u>
	<u>10,650.72</u>	<u>(974.24)</u>	<u>(133.75)</u>	<u>9,542.73</u>	<u>-</u>
Intangible assets	29.40	(10.43)	-	-	18.97
Effective portion of changes in fair value of cash flow hedges	-	-	163.82	-	163.82
Revaluation surplus	<u>1,674.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,674.18</u>
Total	<u>1,703.58</u>	<u>(10.43)</u>	<u>163.82</u>	<u>-</u>	<u>1,856.97</u>

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Unit : Million Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(3.07)	-	38.88	-
Contribution to staff pension fund	173.20	(5.76)	-	167.44	-
Allowance for obsolete inventories	817.02	77.13	-	894.15	-
Allowance for doubtful accounts	268.23	29.16	-	297.39	-
Allowance for impairment of assets	4,607.25	(1,927.89)	-	2,679.36	-
Estimated accrual expenses	2,047.84	(1,892.36)	-	155.48	-
Intangible assets	7.70	(1.54)	-	6.16	-
Employee benefit obligations	2,518.88	(629.85)	53.43	1,942.46	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	(64.21)	131.24	-
Tax losses carryforward	-	4,336.06	-	4,336.06	-
Others	1.71	0.39	* -	2.10	-
	<u>10,679.23</u>	<u>(17.73)</u>	<u>(10.78)</u>	<u>10,650.72</u>	<u>-</u>
Intangible assets	74.30	(44.90)	-	-	29.40
Revaluation surplus	<u>1,717.05</u>	<u>(42.87)</u>	-	-	<u>1,674.18</u>
Total	<u>1,791.35</u>	<u>(87.77)</u>	<u>-</u>	<u>-</u>	<u>1,703.58</u>

*In 2018, Deferred tax asset was recognized in other item of the Consolidated financial statements for an increase of THB 80.00.

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Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(4.11)	-	34.77	-
Contribution to staff pension fund	167.44	(63.44)	-	104.00	-
Allowance for obsolete inventories	894.15	(0.53)	-	893.62	-
Allowance for doubtful accounts	293.12	-	-	293.12	-
Allowance for impairment of assets	2,679.36	(672.82)	-	2,006.54	-
Estimated accrual expenses	149.64	(149.64)	-	-	-
Intangible assets	6.16	(6.16)	-	-	-
Employee benefit obligations	1,936.94	(78.14)	-	1,858.80	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(131.24)	-	-
Tax losses carryforward	4,336.06	-	-	4,336.06	-
Others	-	-	-	-	-
	<u>10,632.99</u>	<u>(974.84)</u>	<u>(131.24)</u>	<u>9,526.91</u>	<u>-</u>
Intangible assets	29.40	(10.43)	-	-	18.97
Effective portion of changes in fair value of cash flow hedges	-	-	163.82	-	163.82
Revaluation surplus	1,674.18	-	-	-	1,674.18
Total	<u>1,703.58</u>	<u>(10.43)</u>	<u>163.82</u>	<u>-</u>	<u>1,856.97</u>

Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(3.07)	-	38.88	-
Contribution to staff pension fund	173.20	(5.76)	-	167.44	-
Allowance for obsolete inventories	817.02	77.13	-	894.15	-
Allowance for doubtful accounts	264.01	29.11	-	293.12	-
Allowance for impairment of assets	4,607.25	(1,927.89)	-	2,679.36	-
Estimated accrual expenses	2,042.00	(1,892.36)	-	149.64	-
Intangible assets	7.70	(1.54)	-	6.16	-
Employee benefit obligations	2,514.67	(631.16)	53.43	1,936.94	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	(64.21)	131.24	-
Tax losses carryforward	-	4,336.06	-	4,336.06	-
Others	-	-	-	-	-
	<u>10,663.25</u>	<u>(19.48)</u>	<u>(10.78)</u>	<u>10,632.99</u>	<u>-</u>
Intangible assets	74.30	(44.90)	-	-	29.40
Revaluation surplus	1,717.05	(42.87)	-	-	1,674.18
Total	<u>1,791.35</u>	<u>(87.77)</u>	<u>-</u>	<u>-</u>	<u>1,703.58</u>

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The deductible temporary differences and tax losses carryforward, which the Company has not recognized as deferred tax assets are as follows:

Item	Unit : Million Baht
	The Company's Financial Statements
Contribution to staff pension fund	21.23
Allowance for obsolete inventories	31.37
Allowance for doubtful accounts	4.13
Estimated accrual expenses	100.65
Employee benefit obligations	358.19
Tax losses carryforward	1,949.78
Total	2,465.35

As at December 31, 2019, the Company did not recorded the deferred tax assets for temporary differences and tax losses carryforward because the management assessed that the future taxable profit will not be available against which deferred tax can be utilized for the Company's financial statements.

8.10.2 Income Tax

Income Tax Expense (Revenue) for the year ended December 31, 2019 and 2018 consist of:

	<u>Consolidated</u> <u>Financial Statements</u>		<u>Unit : Million Baht</u> <u>The Company's</u> <u>Financial Statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax				
Corporate income tax for the year	18.06	33.31	-	-
Deferred tax				
<u>Add (less):</u> deferred tax from temporary differences and reversal of temporary differences	<u>963.81</u>	<u>(70.04)</u>	<u>964.41</u>	<u>(68.29)</u>
Income Tax Expense (Revenue) as presented in the statements of comprehensive income	<u>981.87</u>	<u>(36.73)</u>	<u>964.41</u>	<u>(68.29)</u>

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8.11 Maintenance reserves

	Consolidated Financial Statements		Unit : Million Baht The Company's Financial Statements	
	2019	2018	2019	2018
Maintenance reserves - at the beginning balance	13,538.58	10,388.15	13,552.03	10,373.86
<u>Add</u> Disburse	3,657.66	3,789.52	3,677.06	3,817.26
<u>Less</u> Reimburse/Adjust	<u>(4,191.92)</u>	<u>(639.09)</u>	<u>(4,272.85)</u>	<u>(639.09)</u>
Maintenance reserves - at the ending balance	<u>13,004.32</u>	<u>13,538.58</u>	<u>12,956.24</u>	<u>13,552.03</u>

Maintenance reserves is collected by lessor to accrue for the scheduled major maintenance events as specified by maintenance schedule in lease agreements.

8.12 Other Non-Current Assets

	Consolidated Financial Statements		Unit : Million Baht The Company's Financial Statements	
	2019	2018	2019	2018
Deferred charges	1,865.00	2,230.00	1,787.07	2,141.11
Deferred buyer furnished equipment for aircraft under operating lease	3,998.67	4,539.04	3,998.67	4,539.04
Non-performing assets	3,650.13	4,891.45	3,650.13	4,891.45
Security deposits for aircraft lease	4,793.10	5,420.44	4,793.10	5,420.44
Others	<u>710.96</u>	<u>1,119.63</u>	<u>647.25</u>	<u>1,061.57</u>
Total	<u>15,017.86</u>	<u>18,200.56</u>	<u>14,876.22</u>	<u>18,053.61</u>

Non-performing assets consisted of:

	Unit : Million Baht				
	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2019	4,088.19	498.63	242.83	61.80	4,891.45
- Additions	-	-	-	1.43	1.43
- Impairment	(240.76)	(74.39)	-	-	(315.15)
- Adjust/Transfers	(926.16)	-	-	(1.44)	(927.60)
As at December 31, 2019	2,921.27	424.24	242.83	61.79	3,650.13

As at December 31, 2019, total non-performing assets in amount of THB 3,650.13 million consisted of 14 aircraft in amount of THB 2,921.27 million (one A300-600, three A340-500, six A340-600 and four B737-400), spare engines in amount of THB 424.24 million, the Company's domestic and abroad land which had been revalued in 2015 in amount of THB 242.83 million, and other assets in amount of THB 61.79 million which mostly were spare parts of decommissioned aircraft.

8.13 Liquidity Management

In the year 2019, the Company acquired financing through short-term and long-term loans for the Company's operation as follows:

1. Acquired short-term loan, promissory note, from various financial institutions in the total of THB 21,500 million, consisting of THB 15,500 million of short-term loan and rolled over the existing short-term loan of THB 6,000 million to repay for the matured short-term loan and debentures.

2 Issued THB 10,000 million of debentures in May 2019 and THB 8,788 million in November 2019 to repay for matured debentures, for loans with higher costs, investment on assets, and partially used for the Company's cash flow.

3 Acquired long-term loan from local financial institutions in the amount of THB 3,000 million in July 2019 and THB 2,000 million in October 2019 in order to maintain liquidity. Furthermore, in December 2019, the Company received Maintenance Reserve fee for the four rented B777-300ER aircraft, maintenance fee of seven GE90 engines from BOC Aviation Limited in the amount of THB 2,267 million, and from unwinding of Cross Currency Swap in the amount of THB 1,805 million.

As of December 31, 2019, the Company THB 13,500 million worth of committed credit line, THB 7,800 million of uncommitted credit line, and USD 20 million (equivalent to approximately THB 600 million) as working capital.

From the aforementioned information and forecasted cash flow for the year 2020, under the conservative approach, the Company's cash on hand is at the sufficient level for the going concern operation, provided that the Company would not affected by external uncontrollable factors.

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8.14 Long-Term Loans Consolidated and the Company's financial statements

<u>Currency</u>	<u>Loan Currency</u>		<u>Baht Equivalent (Million)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
EUR	351,403,159	383,376,783	11,977.44	14,372.18
JPY	1,564,029,808	2,404,029,808	437.31	713.91
THB	10,873,365,385	9,358,461,551	<u>10,873.36</u>	<u>9,358.46</u>
Total long-term loans			23,288.11	24,444.55
<u>Less</u> Current portion of long-term loans			<u>5,392.75</u>	<u>4,633.18</u>
Net long-term loans			<u>17,895.36</u>	<u>19,811.37</u>

As at December 31, 2019, long-term loans of the Company consisted of the foreign loans in EUR currency borrowed via the Ministry of Finance in the amount of THB 11,977.44 million, loan in JPY currency from Export-Import Bank of Thailand in the amount of THB 437.31 million and domestic loans from the commercial banks in the amount of THB 10,873.36 million. The total long-term loans amounted to THB 23,288.11 million had been transferred to a current portion of long-term loans in the amount of THB 5,392.75 million, the outstanding balance of long-term loans amounted to THB 17,895.36 million.

Current portion of long-term loans in the amount of THB 5,392.75 million consisted of long-term loans from the financial institutions and related party in the amount of THB 3,768.08 million and THB 1,624.67 million, respectively.

The outstanding balance of long-term loans in the amount of THB 17,895.36 million consisted of long-term loans from financial institutions and related party in the amount of THB 5,105.29 million and THB 12,790.07 million, respectively.

8.15 Liabilities under Finance Leases Consolidated and the Company's financial statements

Unit : Million Baht

Liabilities under Finance Leases	2019		2018	
	Carrying Value	Present Value	Carrying Value	Present Value
Within 1 year	7,253.02	6,839.89	8,699.91	8,200.50
More than 1 year - 5 years	27,034.68	22,085.98	30,117.04	24,571.82
More than 5 years	12,168.31	7,925.83	20,165.06	12,973.04
Total	46,456.01	36,851.70	58,982.01	45,745.36

The Company contracted aircraft lease agreement equipped with purchase options with 21 foreign and domestic financial institutions, which presented the value regarding to the accounting policy described in Note 5.10. For the year 2019, the outstanding balance of obligations under finance leases for 32 aircraft was THB 50,110.52 million with maturities ranging from the year 2020 to 2030. After deducting interest expense due in the amount of THB 3,654.51 million, the principal balance of obligations under the Company's finance leases was THB 46,456.01 million. As at December 31, 2019, the amount of THB 7,253.02 million has been transferred to a current portion of finance lease, the outstanding balance of long-term liabilities under finance lease amounted to THB 39,202.99 million.

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8.16 Debentures

Unit : Million Baht

Issuing								Redemption		Balance as at December 31, 2019			
Resolutions of Shareholders’ Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2019					
Ordinary /2005 December 23, 2005	60,000	1 (Tranche4)	2009	January 20, 2019	10	6.00	3,600.00	Jan 20	(3,600.00)	-			
							3,600.00			-			
Ordinary /2010 April 28, 2010	40,000	1 (Tranche2)	2011	May 13, 2021	10	Year 1-4 4.25% Year 5-8 4.75% Year 9-10 5.35%	833.00	Feb 16	-	833.00			
							1 (Tranche5)			2011	May 13, 2021	10	4.62
		3,000.00	3,000.00										
		1 (Tranche1)	2012	February 16, 2019	7	4.41	1,000.00			Feb 16	(1,000.00)	-	-
							1 (Tranche2)					2012	February 16, 2022
		3,000.00	2,000.00										
		2	2012	March 23, 2024	12	4.98	1,500.00			-	-	1,500.00	
							1,500.00				1,500.00		
		3 (Tranche2)	2012	October 11, 2019	7	4.70	1,500.00			Oct 11	(1,500.00)	-	-
							3 (Tranche3)					2012	October 11, 2022
3,000.00	1,500.00												
During the year 2013 August 30, 2013		2											
										2 (Tranche 2)	2013	August 30, 2020	7
		2 (Tranche 3)	2013	August 30, 2023	10	5.16	1,500.00	-	1,500.00				
							2,750.00	2,750.00					

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Unit : Million Baht

Issuing								Redemption		Balance as at December 31, 2019
Resolutions of Shareholders’ Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2019		
During the year 2014	7,000	Tranche 1	2014	February 07, 2019	5	4.71	1,200.00	Feb 7	(1,200.00)	-
NO. 1 /2014										
February 07, 2014										
		Tranche 2	2014	February 07, 2021	7	5.14	1,000.00		-	1,000.00
		Tranche 3	2014	February 07, 2024	10	5.58	1,000.00		-	1,000.00
							3,200.00			2,000.00
NO. 2 /2014										
December 26, 2014		Tranche 1	2014	December 26, 2019	5	4.46	1,230.00	Dec 26	(1,230.00)	-
		Tranche 2	2014	December 26, 2021	7	4.76	1,340.00		-	1,340.00
		Tranche 3	2014	December 26, 2024	10	4.98	1,430.00		-	1,430.00
							4,000.00			2,770.00
During the year 2015	8,000	Tranche 2	2015	April 30, 2020	5	4.32	1,500.00			-
NO. 1 /2015										
April 30, 2015										
		Tranche 3	2015	April 30, 2022	7	4.62	2,000.00		-	2,000.00
		Tranche 4	2015	April 30, 2025	10	4.92	2,300.00		-	2,300.00
							5,800.00			5,800.00
NO. 2 /2015										
September 30, 2015		Tranche 2	2015	September 30, 2020	5	4.14	1,500.00		-	1,500.00
		Tranche 3	2015	September 30, 2022	7	4.44	2,500.00		-	2,500.00
		Tranche 4	2015	September 30, 2025	10	4.74	3,000.00		-	3,000.00
							7,000.00			7,000.00

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Unit : Million Baht

Issuing								Redemption		Balance as at December 31, 2019	
Resolutions of Shareholders’ Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2019			
During the year 2016 NO. 1 /2016 December 23, 2016	7,000	Tranche 1	2016	December 23, 2019	3	2.97	500.00	Dec 23	(500.00)	-	
		Tranche 2	2016	December 23, 2021	5	3.45	500.00		-	500.00	
		Tranche 3	2016	December 23, 2023	7	3.66	1,000.00		-	1,000.00	
		Tranche 4	2016	December 23, 2026	10	4.35	3,000.00		-	3,000.00	
		Tranche 5	2016	December 23, 2028	12	4.66	2,000.00		-	2,000.00	
							7,000.00			6,500.00	
During the year 2017 NO. 1 /2017 June 23, 2017	8,000										
		Tranche 1	2017	June 23, 2020	3	2.74	1,000.00		-	1,000.00	
		Tranche 2	2017	June 23, 2022	5	3.06	1,000.00		-	1,000.00	
		Tranche 3	2017	June 23, 2024	7	3.57	1,000.00		-	1,000.00	
		Tranche 4	2017	June 23, 2027	10	4.04	3,000.00		-	3,000.00	
		Tranche 5	2017	June 23, 2032	15	4.68	2,000.00		-	2,000.00	
							8,000.00		8,000.00		
During the year 2018 NO. 1 /2018 February 28, 2018	6,000										
		Tranche 1	2018	February 28, 2023	5	2.74	1,200.00	-	1,200.00		
		Tranche 2	2018	February 28, 2025	7	3.19	1,000.00	-	1,000.00		
		Tranche 3	2018	February 28, 2028	10	3.76	2,400.00	-	2,400.00		
		Tranche 4	2018	February 28, 2033	15	4.18	1,400.00	-	1,400.00		
							6,000.00		6,000.00		

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Unit : Million Baht

Issuing								Redemption		Balance as at December 31, 2019	
Resolutions of Shareholders’ Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2019			
NO. 2 /2018 August 16, 2018	7,000	Tranche 1	2018	August 16, 2019	1	2.25	500.00	Aug 16	(500.00)	-	
		Tranche 2	2018	August 16, 2020	2	2.47	800.00		-	800.00	
		Tranche 3	2018	August 16, 2021	3	2.70	500.00		-	500.00	
		Tranche 4	2018	August 16, 2023	5	3.23	500.00		-	500.00	
		Tranche 5	2018	August 16, 2028	10	4.04	2,200.00		-	2,200.00	
		Tranche 6	2018	August 16, 2030	12	4.42	1,200.00		-	1,200.00	
		Tranche 7	2018	August 16, 2033	15	4.62	1,300.00		-	1,300.00	
							7,000.00			6,500.00	
During the year 2019	10,000										
NO. 1 /2019											
May 3, 2019		Tranche 1	2019	May 3, 2020	1	2.35	1,000.00		-	1,000.00	
		Tranche 2	2019	May 3, 2021	2	2.65	1,000.00		-	1,000.00	
		Tranche 3	2019	May 3, 2022	3	3.06	1,970.00		-	1,970.00	
		Tranche 4	2019	May 3, 2024	5	3.55	910.00		-	910.00	
		Tranche 5	2019	May 3, 2026	7	3.87	610.00		-	610.00	
		Tranche 6	2019	May 3, 2029	10	4.20	2,320.00		-	2,320.00	
		Tranche 7	2019	May 3, 2034	15	4.65	2,190.00		-	2,190.00	
									10,000.00		10,000.00
NO. 2 /2019	8,788	Tranche 1	2019	November 13, 2020	1	2.32	2,035.00		-	2,035.00	
November 13, 2019		Tranche 2	2019	November 13, 2021	2	2.43	634.00		-	634.00	
		Tranche 3	2019	February 13, 2023	3.3	3.00	2,453.00		-	2,453.00	
		Tranche 4	2019	November 13, 2029	10	3.72	1,899.00		-	1,899.00	
		Tranche 5	2019	November 13, 2034	15	3.98	1,767.00		-	1,767.00	
									8,788.00		8,788.00
Total							83,638.00			9,530.00	74,108.00

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The balance of debentures as at January 1, 2019		THB	64,850 million
During the year, debentures were issued	1 st in May 2019	THB	10,000 million
	2 nd in November 2019	THB	<u>8,788</u> million
	Total	THB	83,638 million
Debentures redeemed during the year		THB	<u>9,530</u> million
Balance as at the end of year		THB	<u>74,108</u> million

As at December 31, 2019, the balance of debentures is THB 74,108 million, which the amount of THB 9,085 million is transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 65,023 million

The Company has registered these debentures with the Thai Bond Market Association (Thai BMA) in the Bond Electronic Exchange of the Stock Exchange of Thailand, except for the issuance of debentures No. 1/2009 which were offered to specific investors (not more than 10 investors).

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8.17 Other Current Liabilities - Others

	Consolidated		Unit : Million Baht	
	Financial Statements		The Company's	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Airport fees payable	4,456.09	5,508.54	4,456.09	5,508.54
Deferred revenue	4.81	4.42	4.13	4.13
Tax payables	306.92	594.00	301.70	593.42
Fringe benefits payable (field office staff)	530.95	570.09	530.95	570.09
Deposit received	803.10	888.76	792.71	878.27
Employee payable	2.66	3.03	2.66	3.03
Revenue received in advance	93.54	341.59	93.54	341.59
Deferred assets payable	85.46	86.87	85.46	86.87
Other payables	<u>2,245.03</u>	<u>1,053.57</u>	<u>2,301.49</u>	<u>2,298.05</u>
Total	<u>8,528.56</u>	<u>9,050.87</u>	<u>8,568.73</u>	<u>10,283.99</u>

8.18 Staff Pension Fund

The Company has established a staff pension fund, contributing to the fund on a monthly basis at a rate of 10 percent of employee salaries. The fund's assets, liabilities, and balance are presented in the Company's statements of financial position. Interest and expenses arising from fund operations are recognized as income and expenses of the Company. The details are as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Cash at banks	3,858.53	3,970.42
Others	<u>29.73</u>	<u>24.26</u>
Total	<u>3,888.26</u>	<u>3,994.68</u>
Other current liabilities	214.51	169.69
Pension fund	<u>3,673.75</u>	<u>3,824.99</u>
Total	<u>3,888.26</u>	<u>3,994.68</u>

As at December 31, 2019, the fund balance is THB 3,673.75 million and is equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting period is THB 150.72 million, which came from the Company's contributions to the fund in the amount of THB 44.56 million deducted by the surplus of available fund against its obligation in the amount of THB 106.16 million.)

8.19 Employee Benefit Obligations The Company's financial statements

Employee benefit obligations are classified into 5 projects as follows:

8.19.1 Legal Severance Payments are paid to the retired employees who have been working with the Company from 5 to less than 15 years, receiving 180 days of the latest salary rate. For the retired employees who have been working with the Company from 15 to less than 20 years, will receive for 300 days of the latest salary rate. And the retired employees who have been working with the Company from 20 years onwards will receive for 400 days of the latest salary rate.

8.19.2 Post-Retirement Medical Benefits are provided to the retired and early retired employees together with their spouses and unmarried children less than 20 years of age with no expenses at all medical centers of the Company.

8.19.3 Encashment of Unutilized Holiday Leaves is paid to the retired and early retired employees who have outstanding holiday leaves in each year, which can be accumulated not more than 3 consecutive years.

8.19.4 Long Service Awards (Pin/Ring) are rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

8.19.5 Post-Retirement Long Service Awards (Air ticket) is provided 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 continue working with the Company. The employees can accumulate and use these awards whenever they desire.

Changes in present value of employee benefit obligations

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning Balance - Employee benefit obligations	13,575.42	12,594.37	13,493.26	12,573.33
Employee benefit obligations adjustments	-	133.14	-	133.14
Current service cost	533.84	556.06	494.69	496.38
Interest cost	378.93	397.68	377.05	396.24
Past service cost	2,697.22	-	2,689.13	-
Benefits paid	(393.00)	(372.98)	(390.69)	(372.98)
Actuarial losses (gains)	<u>(12.55)</u>	<u>267.15</u>	<u>-</u>	<u>267.15</u>
Ending Balance - Employee benefit obligations	<u>16,779.86</u>	<u>13,575.42</u>	<u>16,663.44</u>	<u>13,493.26</u>

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Principal actuarial assumptions:

	<u>2019</u>	<u>2018</u>
Discount rate	2.75% - 3.50%	2.75% - 3.50%
Price inflation	1.75%	1.75%
Average salary increase rates	3.0% - 7.0%	3.0% - 7.0%
Staff turnover rate	0.0% - 9.0%	0.0% - 9.0%
Medical cost inflation	6.0%	6.0%
Mortality rate	TMO17	TMO17

Sensitivity analysis:

The actuarial assumptions of the employee benefit obligations is sensitive to the possible change on assumptions used for calculation such as economic and demographic assumptions under the defined benefit plan. The change in each assumption occurs separately.

The effect of assumption changes to present value of the Employee benefit obligations as at December 31, 2019 are as follows:

	Unit : Million Baht	
	Changes in present value of employee benefit obligations	
	<u>Increase in assumption 1 percent</u>	<u>Decrease in assumption 1 percent</u>
Discount rate	(1,415.59)	1,737.21
Average salary increase rates	1,094.01	(957.82)
Medical cost inflation	814.98	(619.56)

On September 26, 2019, State Enterprise Labor Relations Committee Notification, regarding the minimum standards of employment conditions in a State Enterprise (No.4) enacted in the Royal Thai Government Gazette, determined the maximum severance pay rate at 400 days of the employees' latest wage rate for employees who have worked for 20 consecutive years onwards. The Notification was effective on September 27, 2019 and entitled to the employees who retired from September 30, 2019. This change is considered as a post-employment benefits plan amendment and resulted in an increase of THB 2,689.13 million in employee benefits. The Company recognized the effect as expense in the current statements of comprehensive income.

On 5 April 2019, the Labour Protection Act (No. 7) B.E. 2562 was enacted in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The Notification has been effective from May 5, 2019 and the subsidiaries have recorded the effect as past service cost in the effective period.

8.20 Long-Term Provision

	<u>Consolidated</u>		Unit : Million Baht	
	<u>Financial Statements</u>		<u>The Company's</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Long-term provision at the beginning balance	14,708.09	10,310.08	13,093.93	9,318.99
Long-term provision for the period	<u>1,257.46</u>	<u>4,398.01</u>	<u>928.64</u>	<u>3,774.94</u>
Long-term provision at the ending balance	<u>15,965.55</u>	<u>14,708.09</u>	<u>14,022.57</u>	<u>13,093.93</u>

Long-term provision as at December 31, 2019 (The Company's financial statements) consisted of:

The Company recognizes long term provision for future repair and maintenance cost of aircraft as at December 31, 2019 in the amount of THB 14,022.57 million. This represents the obligation under operating lease as to major maintenance cost of aircrafts, engines, and other major components over the leasing periods and the obligation to restore aircraft conditions at the end of the lease period. The measurement of the provision based on the assumptions of flight hours, flight cycles, maintenance schedules and period of operating lease. The estimated maintenance costs were recorded over the period that the aircraft have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 6,642.59 million, engine restoration costs of THB 7,206.55 million (engines under operating leases of THB 3,990.42 million and under finance leases of THB 3,216.13 million) and return conditions cost of THB 173.43 million.

8.21 Dividend Payment

According to the Resolution of the 2019 Annual General Shareholders' Meeting held on April 26, 2019 approved the Company to abstain from dividend payment for 2018 operating result.

8.22 Share Capital

As at December 31, 2019, the Company has authorized ordinary shares in amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.00 million, issued and paid-up ordinary shares in amount of THB 21,827.72 million.

8.23 Transfer for compensation of the deficit

On April 26, 2019, the 2019 Annual General Meeting of Shareholders had an approved resolution to transfer legal reserve in the amount of THB 2,691,275,568, and share premium in the amount of THB 25,545,316,308, total amount of THB 28,236,591,876 to compensate the deficits.

As at December 31, 2018, the Company reported the deficits in the amount of THB 28,533,077,895, which the management presented their intention in the Annual General Meeting of the Shareholders to transfer legal reserve and share premium to compensate the deficits in the first quarter of 2019 by stating that the deficits would lower to THB 296,486,019 by the compensation. Moreover, according to the adoption of Thai Financial Reporting Standard No.15, “Revenue from contracts with customer” which is effective on January 1, 2019, the Company required to adjust the deficits as at December 31, 2018, amounted of THB 28,533,077,895 with the effect of TFRS 15’s adoption THB 2,159,465,173. Therefore, the THB 2,691,275,568 of legal reserve and THB 23,682,337,154 of share premium were able to transfer for compensating the remaining deficits in the amount of THB 26,373,612,722. Such transfers occurred in the first quarter of 2019 with no impact to the total amount of shareholders’ equity of the Company. Details are as follows:

Unit: Baht

Item	As at December 31, 2018 as per the former Financial Reporting Standard	Impact on using the Thai Financial Reporting Standard No. 15	Balance as at January 1, 2019 as per Thai Financial Reporting Standard No. 15	Transfer for compensation of deficits	Balance as at January 1, 2019
Legal reserve	2,691,275,568	-	2,691,275,568	(2,691,275,568)	-
Share Premium	25,545,316,308	-	25,545,316,308	(23,682,337,154)	1,862,979,154
Retained earnings (Deficits)	(28,533,077,895)	2,159,465,173	(26,373,612,722)	26,373,612,722	-

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8.24 Other Income - Others

Item	Consolidated Financial Statements		Unit : Million Baht The Company's Financial Statements	
	2019	2018	2019	2018
Gains on sale of assets	-	786.59	-	786.57
Dividends from subsidiary, associated and other companies	1.18	1.20	331.77	346.16
Revenue from other services of Aircraft Maintenance Department	666.99	566.22	666.99	566.22
Compensation revenue from the delay delivery of Aircraft	-	133.24	-	133.24
Other fine revenue	146.45	393.06	146.45	393.06
Revenue from Royal Orchid Lounge service	94.91	116.80	94.91	116.80
Revenue from service to Thai Smile Airways	-	-	42.61	53.78
Revenue from management services at Suvarnabhumi Airport	77.63	67.36	77.63	67.36
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	89.42	106.73	89.42	106.73
Revenue from in-flight internet service	26.19	16.61	26.19	16.61
Revenue from sale of investment	-	656.96	-	697.50
Insurance compensation from asset and personal claim	92.00	263.46	92.00	263.46
Revenue from airport fees is collected from passengers	1,976.56	-	1,976.56	-
Others	594.92	426.35	554.26	426.47
Total	3,766.25	3,534.58	4,098.79	3,973.96

During this accounting period, the company adjusted airport fees liabilities to be recognized as other income (Revenue from airport fees is collected from passengers) in the amount of THB 1,976.56 million, which is not a significant matter in the prior period as clarified in Note 4.1 to the financial statements

8.25 Employee Benefits Expenses**Unit : Million Baht**

Item	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Personnel expenses	27,865.51	30,073.47	27,134.28	29,228.68
Employee benefits	3,216.99	713.90	3,170.18	652.78
Executive remuneration	71.85	68.36	65.54	61.07
Board of directors remuneration	17.30	18.88	14.50	15.67
Total	31,171.65	30,874.61	30,384.50	29,958.20

According to Securities and Exchange Mandate, executives refer to the Company's chief executive, persons in the next four executive levels below the chief executive, and in similar position, including accounting or finance department managers or above.

During this accounting period, the Company adjusted vacation compensation expense which was recognized as personnel expenses in the financial statements of prior years in the amount of THB 1,261.53 million by deducting personnel expenses of this period, which considered as insignificant prior period error as described in Note 4.2 to the financial statements.

The employee benefits for the year ended December 31, 2019 includes past service costs occurred in accordance with the Notification of the State Enterprise Labor Relations Committee regarding the Minimum Standard of Employee Condition in State Enterprise (No.4) in the amount of THB 2,689.13 million as described in Note 8.19 to the financial statements.

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8.26 Impairment Loss of Aircraft**Unit : Million Baht**

Item	2019		2018	
	Number	Amount	Number	Amount
Aircraft	15	381.32	19	3,064.02
Spare Engines	10	74.39	10	85.95
Total		455.71		3,149.97

The impairment loss of aircraft and spare engines presented in the statements of comprehensive income for the year ended December 31, 2019 in the amount of THB 455.71 million, which consist of one A300-600, four A330-300, three A340-500, two A340-600, three B737-400 and two B747-400, totaling 15 aircraft in an aggregate of THB 381.32 million as well as

five PW4158, one TRENT553, two TRENT 556, and two CFM56-3C1, totaling 10 spare engines in an aggregate of THB 74.39 million.

8.27 Other Expenses**Unit : Million Baht**

Item	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Rentals and utilities	2,554.69	2,511.05	2,554.69	2,511.05
Office supplies	133.15	155.16	133.15	155.16
Repair of building and equipment	624.65	689.49	624.65	689.49
Outsource services	2,124.68	2,020.61	2,124.68	2,020.61
Consultant and service fees	587.92	636.39	587.92	636.39
Legal fee for Antitrust/ Competition Law	4.72	38.65	4.72	38.65
Computer service expenses	626.49	674.99	626.49	674.99
Rental of communication devices and office equipment	232.07	230.97	232.07	230.97
Travelling and transportation expenses	530.42	567.23	530.42	567.23
Concession fees	398.72	419.51	398.72	419.51
Passenger claim expenses	327.29	342.16	327.29	342.16
Obsolete inventories and supplies expenses	156.87	403.47	156.87	403.47
Service cargo expenses	209.86	222.64	209.86	222.64
Joint venture expenses in Star Alliance	56.26	53.83	56.26	53.83
Company business and municipal taxes	244.56	244.27	224.56	244.27
Bad debts and provision for bad debts	62.28	176.39	62.55	176.19
Service fee for IT Hosting system	96.92	79.62	96.92	79.62
Fine and interest expenses	107.70	33.47	107.70	33.47
Fund of Empowerment of person with disabilities	20.46	21.56	20.46	21.56
Ground, Sea and Air transportation expenses	126.24	132.15	126.24	132.15
Loss on sale of assets	28.55	-	28.30	-
Others	805.62	589.59	257.43	166.26
Total	10,040.12	10,243.20	9,491.95	9,819.67

8.28 Investment Promotion The Company's Financial Statements

The Company received the investment promotion certificates for air transportation operation of aircraft, consisting of passenger and cargo transportation activities, according to the investment promotion certificates as follows:

Investment Promotion Certificates No.	Investment Promotion Certificates Date
1874(2)/2009	November 19, 2009
1446(2)/2011	April 21, 2011
1178(2)/2012	February 10, 2012
1627(2)/2012	May 22, 2012
2576(2)/2012	October 22, 2012
2577(2)/2012	October 22, 2012
1220(2)/2013	February 13, 2013
1221(2)/2013	February 13, 2013
1590(2)/2013	May 1, 2013
2357(2)/2013	September 27, 2013
2358(2)/2013	September 27, 2013
2360(2)/2013	September 27, 2013
2362(2)/2013	September 27, 2013
2363(2)/2013	September 27, 2013
2364(2)/2013	September 27, 2013
2365(2)/2013	September 27, 2013
2366(2)/2013	September 27, 2013
2367(2)/2013	September 27, 2013

Under the condition, the Company has received the privilege for exemption from corporate income tax for the net profit, which operated by such aircraft starting from the date of first revenue derived from the promoted activities, up to 8 years.

Revenue from sales or services classified to the promoted and non-promoted activities for the year ended December 31, 2019 and 2018 are as follows:

Revenue from sales or services	Unit : Million Baht	
	The Company's Financial Statements	
	2019	2018
Promoted activities	96,486.03	110,196.49
Non-promoted activities	77,844.36	77,720.24
Total revenue from sales or services	174,330.39	187,916.73

8.29 Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing profit or loss attributable to owners of the parent for the period by the weighted average number of ordinary shares outstanding during the periods.

Unit : Million Baht/Million Shares

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Loss attributable to owners of the parent	(12,042.41)	(11,625.17)	(11,875.51)	(8,064.27)
Number of issued ordinary shares as at January 1 st	2,182.77	2,182.77	2,182.77	2,182.77
Number of weighted average ordinary shares	2,182.77	2,182.77	2,182.77	2,182.77
Basic loss per share (Baht)	(5.52)	(5.33)	(5.44)	(3.69)

8.30 Operating Segments

Segments Information

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

The Company has three reportable segments, consisting of air transportation activities segment, business units segment, and other activities segment. Air transportation activities segment composed of passenger, freight, and mail services. The business units segments related directly to transportation activities, which include cargo and mail commercial, ground customer services, ground handling and equipment services, and catering services. Other activities segment are transportation supporting activities, which include dispatch services, sales on board, THAI shop, technical services and operation of subsidiaries.

Measurement Criteria

The Company records the transaction of transferring inter-segment revenue at market price charged to its unaffiliated customer net of discount, for ground customer services segment recorded at cost net of discount, and for other activities segment recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

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

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

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

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8.30.1 Financial Information by Segment

Consolidated Financial Statements
Statements of Comprehensive Income
For the year ended December 31, 2019

	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Unit : Million Baht</u> <u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
External Revenue	166,827.59	182,595.58	10,850.26	10,639.52	2,601.78	2,730.04	180,279.63	195,965.14
Inter - segment revenue (expenses)	(14,612.17)	(14,441.58)	9,694.70	9,940.86	4,917.47	4,500.72	-	-
Interest income	190.04	170.08	-	-	6.09	-	196.13	175.37
Gain (loss) on foreign currency exchange	4,583.99	890.34	-	-	(144.73)	20.51	4,439.26	910.85
Other income	3,863.10	3,362.28	87.24	110.43	89.09	61.87	4,039.43	3,534.58
Total Revenue	<u>160,852.55</u>	<u>172,576.70</u>	<u>20,632.20</u>	<u>20,690.81</u>	<u>7,469.70</u>	<u>7,318.43</u>	<u>188,954.45</u>	<u>200,585.94</u>
Aircraft fuel expenses	(50,804.82)	(56,261.52)	-	-	(3,870.37)	(3,834.16)	(54,675.19)	(60,095.68)
Employee benefits expenses	(17,606.75)	(17,551.61)	(7,284.43)	(7,340.17)	(6,280.47)	(5,982.83)	(31,171.65)	(30,874.61)
Flight service expenses	(19,374.64)	(20,841.71)	(44.98)	(45.99)	(1,638.64)	(1,277.15)	(21,058.26)	(22,164.85)
Depreciation and amortization expenses	(15,488.28)	(17,724.36)	(395.57)	(379.43)	(903.36)	(941.57)	(16,787.21)	(19,045.36)
Impairment loss of assets and aircraft	(633.92)	(3,458.98)	-	-	-	-	(633.92)	(3,458.98)
Other expenses	(56,198.78)	(58,607.47)	(7,466.52)	(7,420.53)	(7,333.55)	(5,494.03)	(70,998.85)	(71,522.03)
Finance costs	(4,440.77)	(4,507.46)	-	-	-	-	(4,440.77)	(4,507.46)
Share loss on investment in associates	(223.20)	(522.83)	-	-	-	-	(223.20)	(522.83)
Total Expenses	<u>(164,771.16)</u>	<u>(179,475.94)</u>	<u>(15,191.50)</u>	<u>(15,186.12)</u>	<u>(20,026.39)</u>	<u>(17,529.74)</u>	<u>(199,898.05)</u>	<u>(212,191.80)</u>
Profit (loss) before Income Tax Expense	<u>(3,918.61)</u>	<u>(6,899.24)</u>	<u>5,440.70</u>	<u>5,504.69</u>	<u>(12,556.69)</u>	<u>(10,211.31)</u>	<u>(11,034.60)</u>	<u>(11,605.86)</u>
Income tax (expense) income	(964.41)	68.29	-	-	(17.46)	(31.56)	(981.87)	36.73
Gain (loss) by segments	<u>(4,883.02)</u>	<u>(6,830.95)</u>	<u>5,440.70</u>	<u>5,504.69</u>	<u>(12,574.15)</u>	<u>(10,242.87)</u>	<u>(12,016.47)</u>	<u>(11,569.13)</u>

Assets and Liabilities
As at December 31, 2019

	<u>Air Transportation</u>		<u>Business Units</u>		<u>Other Activities</u>		<u>Unit : Million Baht</u> <u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets	42,132.75	37,573.83	667.59	715.55	2,892.55	5,318.76	45,692.89	43,608.14
Investments in associates and other long-term investment	2,160.66	2,364.71	-	-	4.25	4.01	2,164.91	2,368.72
Property, plant and equipment	159,314.64	171,791.37	5,340.44	5,225.78	2,462.48	2,581.53	167,117.56	179,598.68
Other non-current assets	35,901.04	35,816.83	0.06	0.01	1,947.45	1,388.94	37,848.55	37,205.78
Non-allocated assets	-	-	-	-	-	-	3,841.24	5,939.88
Total assets							<u>256,665.15</u>	<u>268,721.20</u>
Current liabilities	74,747.40	75,829.13	432.19	499.29	8,052.92	11,316.10	83,232.51	87,644.52
Non-current liabilities	157,025.89	157,210.15	-	-	3,506.48	2,146.28	160,532.37	159,356.43
Non-allocated liabilities	-	-	-	-	-	-	1,134.56	1,263.91
Total Liabilities							<u>244,899.44</u>	<u>248,264.86</u>

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8.30.2 Geographical Segments

Consolidated Financial Statements

Unit : Million Baht

For the period	Domestic Revenue			Foreign Revenue			Charter Revenue and Others	Other Income				Total
	Air Transportation	Business Unit	Others	Regional Asia	Europe	Australia & New Zealand		Interest Income	Gain on Foreign Currency Exchange rates	Others Income – Others	Gain on changes in ownership interest	
Jan-Dec 2019	10,968.04	10,850.25	2,601.78	91,447.11	49,999.32	14,024.50	388.63	196.13	4,439.26	3,766.25	273.18	188,954.45
Jan-Dec 2018	11,576.61	10,639.52	2,730.03	100,255.28	53,691.60	16,309.26	762.84	175.37	910.85	3,534.58	-	200,585.94

8.31 Staff Provident Fund

The Company contributed to the provident fund at the rate of 9 percent of a salary for members having not more than 20 years of services and 10 percent of a salary for members having more than 20 years of services, representing in the amount of THB 1,214.70 million for this fiscal year.

The Company's provident fund is managed by Krungthai Asset Management Public Company Limited, One Asset Management Limited and Principal Asset Management Company Limited.

8.32 Contingent Liabilities

8.32.1 The Company has contingent liabilities, not presented in the financial statements, as follows:

- The Company has letters of guarantee issued by domestic and abroad banks in amount of THB 120.86 million and THB 429.48 million, respectively. If the Company defaults on an obligation to a beneficiary in letter of guarantee, bank agrees to pay a specific amount of money to that beneficiary and will claim from the Company later.

- The Company has been filed 13 labor cases with an approximate amount of THB 103.56 million and has been filed the complaints in domestic and abroad with an approximate amount of THB 403.66 million.

- The Cambodia branch has been assessed additional taxes including penalty and interest from year the 2017 due to the difference in interpretations of tax law (i.e. tax on profit, specific tax, and withholding tax), the amount as at December 31, 2019 is USD 2.65 million or approximately THB 79.80 million. The petition for reassessment of taxes was sent to the Revenue Department by the Company's tax consultant and still is under consideration of the Cambodia Revenue Department.

- The Company, entrepreneur in the duty free zone, received an official letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, notifying the Company to clarify issues relating to the completeness of the certificate license of the importation of restricted food products. The customs official assessed additional taxed and duties based on 252 import declarations, consisting of price of products in amount of THB 492.73 million, import duty in amount of THB 244.36 million, excise tax in amount of THB 754.47 million, interior tax in amount of THB 75.45 million, value added tax in amount of THB 109.69 million, the subsidies for Thai Health Promotion Foundation in amount of THB 14.91 million, the subsidies for Thai Public Broadcasting Service in amount of THB 11.18 million. The Company has submitted the letter of clarification to the Customs Department and still is under consideration of the Customs Department.

8.32.2 There are antitrust cases which have been filed alleged and conducted a criminal investigation against the Company as follows:

1. The case where British Airways, which is a defendant in Cargo Civil Class Action Case in the UK, issued a cross claim against the Company:

The Company had reached the settlement with respect to the case which a contribution claim had been filed against the Company and other airlines by British Airways, who is the defendant in the civil case in England. With respect to the case which a contribution claim had been filed against Thai Airways International Public Company Limited (the “Company”) and more than 20 airlines before the English court by British Airways, who is the main defendant in the civil case in England pursuant to Part 20 Proceedings, it arose from the case where a group of claimants have filed lawsuits against British Airways to claim for damages from fuel and security surcharges fixing in England. After that, the Court has ordered all the parties to settle the case by way of mediation. On December 20, 2018, all the parties had already entered into the settlement agreement without any admission of liability alleged by the claimants and British Airways. After the settlement, the claimants and British Airways will jointly inform the Court of the settlement and discontinuance of the claims.

Furthermore, all of the airlines that had been filed a contribution claim by British Airways similar to the Company have also entered into the settlement negotiation in the same manner.

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

The Company had been informed by the branch office in the Republic of Korea on January 22, 2014 that LG Group Companies, including LG Chemical, LG Electronics, LG Display and LG Life Science, had filed a civil lawsuit against 12 airlines, including the Company, on November 27, 2013 in order to claim damages arisen from the conduct of conspiracy to fix fuel and security surcharges during 1999-2007. LG Group Companies had asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 12 million and reserved their rights to amend the Plaint to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

3. Regarding the case where British Airways, Lufthansa and KLM-AF, who are the defendants in the Cargo Civil Class Action case in the Netherlands, requested that the court give them leave to implead the Company.

At the beginning of July 2015, the Company had received a writ of summons for contribution claim from British Airways, Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively “Lufthansa”), and Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Societe Air France S.A. (collectively “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 “Singapore Airlines”) as defendants since December 24, 2013 by alleging that these airlines had jointly acted to fix the price for various surcharges (Main Proceedings). Nonetheless, the Company had not been sued as a defendant in the Main Proceedings. 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. The initiation of such proceedings in the form of contribution claim and sub contribution claim is merely for the purpose of reserving the right in the event that the court orders that each airline pay for the damages exceeding its market share. This is not a lawsuit to demand for additional damages.

Moreover, in 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 is of similar type as that in the first Main Proceedings in which the Company had not been sued as a defendant. At present, all the cases are under the court's consideration.

8.32.3 Leasing Space Agreement and License to Operate Business Agreement at Don Mueang International Airport

Leasing space agreement and license to operate business between Airports of Thailand Public Company Limited (AOT) and the Company Contract No. 3-08 / 2009 dated December 14, 2010 with the three years contract term from September 28, 2009 to September 27, 2012 was beyond the period for renting space and operating activities at Don Mueang International Airport. The company is under negotiation process with AOT regarding rules, conditions and rental rates, and concession fee from obtaining permission to operate business that will be identified in the new contract. Besides, the Company has continued to pay space rental and compensation based on the amount in original contract. However, AOT reserves the rights to consider adjusting the minimum rental fee and the concession fee if the result of consideration to increase in the minimum rental fees and concession fee are completed. It is possible that the rate would be higher than the original rate specified in the original contract or the notification letter of AOT that announced the extension of the contract.

8.33 Cash Flow Hedge

In 2019, the Company used foreign currency borrowings to manage the variability in future cash flows on forecasted foreign currency revenue. Gains or losses on exchange differences arising from the translation were resulted from the difference of the foreign exchange rate at designated date or drawdown rate (one which occurs later) until the reporting date rate. Gains or losses from the effective portion of the hedges were deferred in other component of shareholders' equity in the shareholders' equity and reclassified to profit or loss in the same period or periods during the hedged item affects profit or loss.

For the year ended December 31, 2019, the Company recognizes loss in the amount of THB 70.58 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue.

As at December 31, 2019, the time periods in which cash flows of hedged items are expected to incur and affect profit or loss are as follows:

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Consolidated and the Company's financial statements

Year 2019				Unit : Million Baht	
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 year	Over 5 years	Total
Forecast received cash flows	6,787.77	16,584.29	126,766.60	396,841.49	546,980.15

As at December 31, 2019, the Company recognizes the loss from effective portion of changes in the fair value of cash flow hedges in the amount of THB 819.13 million in other component of equity. This amount is expected to be recognized in the statements of comprehensive income over the period of forecasted future foreign currency revenue as referred to in the table above.

8.34 Disclosure of Financial Instruments The Company's financial statements**8.34.1 Interest rate risk**

Interest rate risk in financial statements arises from changes in market interest rates which have an effect on the Company's operating results at present and in the future.

The following tables show weighted average interest rates and the amount of financial liabilities.

Year 2019					Unit : Million Baht			
Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	3.98	1,515.70	6,207.82	5,541.23	-	-	-	13,264.75
JPY	1.08	1,810.92	6,405.85	3,552.06	-	-	-	11,768.83
EUR	1.52	4,039.21	14,240.53	2,988.27	1,089.81	4,359.23	6,528.40	33,245.45
THB	3.94	4,190.12	7,088.21	186.76	12,585.00	31,437.00	33,586.00	89,073.09
Total		11,555.95	33,942.41	12,268.32	13,674.81	35,796.23	40,114.40	147,352.12

Year 2018					Unit : Million Baht			
Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	4.78	1,740.27	6,612.12	7,651.27	-	-	-	16,003.66
JPY	1.07	1,903.41	7,160.54	5,339.00	-	-	-	14,402.95
EUR	1.76	5,183.63	16,373.29	7,018.62	1,198.64	4,794.56	8,378.98	42,947.72
THB	4.26	3,307.14	6,108.92	656.17	12,530.00	25,590.00	29,730.00	77,922.23
Total		12,134.45	36,254.87	20,665.06	13,728.64	30,384.56	38,108.98	151,276.56

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For interest rate risk management policy, the Company applied a derivative financial instrument, Cross Currency Swap (CCS) and/ or Interest Rate Swap (IRS), to swap the floating interest rates, which presented high tendency to increase, to fixed interest rate. As at December 31, 2019, the portion of the Company's debt after swap with floating to fixed interest rate was 34 : 66. At the end of the period, the Company had no IRS transactions.

8.34.2 Foreign Currency Exchange Rate Risk

The Company generates revenue in THB and more than 50 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in four major currencies: USD, EUR, THB and JPY as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, the Company has adopted "Natural Hedging" strategy to manage this risk by increasing the matching of currency between the revenue and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. As at December 31, 2019, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : THB : CHF = 4 : 27 : 10 : 54 : 5 . Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable currency exchange rate movement to hedge the future obligation that has underlying exposures.

At present, the Company has 16 CCS transactions. These debt swaps are five transactions of THB currency to EUR currency with fixed interest rate, two transactions of THB currency to JPY currency with fixed interest rate, three transactions of THB currency to JPY currency with floating interest rate, two transaction of EUR currency to JPY currency with fixed interest rate, and four transactions of USD currency to CHF currency with fixed interest rate. The notional amount as at December 31, 2019 is equivalent to THB 16,262.46 million of which payments, both principle and interest, are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2020 - 2028.

Unit : Million Baht						
Foreign Currency Liabilities						
<u>Currency</u>	2019			2018		
	<u>Due within 1 year</u>	<u>1 to 5 years</u>	<u>Due over 5 years</u>	<u>Due within 1 year</u>	<u>1 to 5 years</u>	<u>Due over 5 years</u>
USD	1,515.70	6,207.82	5,541.23	1,740.27	6,612.12	7,651.27
JPY	1,810.92	6,405.85	3,552.06	1,903.41	7,160.54	5,339.00
EUR	5,129.02	18,599.76	9,516.67	6,382.27	21,167.85	15,397.60

8.34.3 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company's operating result as fuel plays vital factor in airline industry. The Company has implemented jet fuel price hedging in order to reduce the risk of fuel price volatility, to protect the value of the Company for shareholders and all concerned and is not to be treated as a profit-marking venture.

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 24 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. For the year ended December 31, 2019, the Company's hedge portion account to 57 percent of its annual fuel consumption and the Company still has an obligation from fuel price hedging until December 31, 2020 in portion account to 45 percent of total fuel consumption.

8.34.4 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The methods and assumptions that the Company uses to estimate the fair value of financial instruments are as follows:

Cash and cash equivalents, trade payables, loans, and accrued expenses fair value are stated at the carrying value.

Other investments fair value are stated at carrying value net of allowance of impairment. Investments in marketable equity securities fair value are stated at market value.

Trade receivables fair value are stated at carrying value net of allowances for doubtful accounts.

Financial derivative transaction is a fair value derived from value adjustment of contract between the Company and the bank with market price as at the report release date to more currently reflect the value of the contract.

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The following tables present the disclosure of financial instruments which are not presented in the consolidated and the Company's financial statements. The Company and its subsidiaries' financial assets and liabilities are measured at fair value using a fair value hierarchy as follows:

Unit : Million Baht				
Consolidated Financial Statements				
As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	2,450.37	-	2,450.37
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.15	-	1.15
Fuel price swap agreements	-	713.53	-	713.53
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,664.27	-	1,664.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.19	-	1.19
Fuel price swap agreements	-	-	-	-
Unit : Million Baht				
Consolidated Financial Statements				
As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,669.72	-	1,669.72
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	0.81	-	0.81
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,132.27	-	1,132.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	3.85	-	3.85
Fuel price swap agreements	-	4,563.60	-	4,563.60

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Unit : Million Baht				
The Company's Financial Statements				
As at December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	2,450.37	-	2,450.37
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.15	-	1.15
Fuel price swap agreements	-	713.53	-	713.53
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,664.27	-	1,664.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.19	-	1.19
Fuel price swap agreements	-	-	-	-

Unit : Million Baht				
The Company's Financial Statements				
As at December 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,669.72	-	1,669.72
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	0.81	-	0.81
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,132.27	-	1,132.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	3.85	-	3.85
Fuel price swap agreements	-	4,137.92	-	4,137.92

Fair value valuation techniques and inputs for Level 2 valuation

The fair values of debt securities and derivatives were determined based on discounted future cash flow and valuation model techniques, using an appropriate risk-adjusted discount rate. Most of the inputs used for the valuation are observable in the relevant markets such as spot rates, forward rates, interest rate yield curves, bonds yield curves, forward fuel price and fuel contractual price, etc.

As at December 31, 2019, the Company changed the presentation of the disclosure of the financial instrument by presenting the summary of fair value of individual contracts and changed the method of discount rate for derivatives by using the widely used well known input from the financial service industry such as the discount rate from banks. For the comparison purpose, the Company also changed the presentation of financial statements of the year 2018.

During the year, there was no transfer within the fair value hierarchy.

8.35 Contractual Obligations**Leases and Obligations of Aircraft**

As at December 31, 2019, the Company has obligations from entering into operating leases for 42 aircraft amount of USD 3,587.67 million or approximately THB 108,818.64 million consisting of fifteen A320-200, eight A350-900, eleven B777-300ER, six B787-8, and two B787-9 aircraft. As at December 31, 2019, there were 39 aircraft which had been already taken the delivery and there are 3 aircraft which have not been taken deliver yet. Also, there are 6 and 36 aircraft which the lease will expire in the year 2020 - 2024 and 2025 - 2030, respectively.

Lease obligation for forty two aircraft operating leases can be classified as follows:

Unit : Million Baht			
Obligation	Within 1 year	Over 1 year – 5 years	Over 5 years
Rent	13,418.27	56,815.80	38,584.57

8.36 Projections of operating performance

The Company prepared the projections of its operating results to use for business management planning purposes and to consider the relevant accounting effects, taking into account both external and internal factors, such as economic conditions, market growth, competitors, target customers, management policy and past operating performance.

The Company determined the financial assumptions, considering the factor mentioned above related to both revenues and expenses, which were the best assumptions at the time of projection. The projections were agreed by the Company's management and are under the consideration of Board of Directors, and the projections were used to consider the effect of relevant accounting impact.

8.37 Reclassifications

In the year 2019, reclassifications have been made to the financial statements for all of security deposits of aircraft lease from Prepaid expenses and deposits account to the Prepaid expenses and deposits for the current portion and to Other non-current assets account for the portion due over one year. The maintenance reserves for aircraft lease, formerly presented under Other non-current assets, were reclassified to the Maintenance reserves account. The comparative information of the year 2018 are reclassified to conform with the financial statements for the year ended December 31, 2019.

Year 2018**Unit : Million Baht**

The Company's Financial Statements	As prior period	Increase (Decrease)	As reclassification
Statements of Financial Position			
Current Assets			
Prepaid expenses and deposits	7,529.15	(5,420.44)	2,108.71
Non-Current Assets			
Maintenance reserves	-	13,552.03	13,552.03
Other non-current assets	26,185.20	(8,131.59)	18,053.61

Year 2018**Unit : Million Baht**

Consolidated Financial Statements	As prior period	Increase (Decrease)	As reclassification
Statements of Financial Position			
Current Assets			
Prepaid expenses and deposits	7,321.91	(5,420.44)	1,901.47
Non-Current Assets			
Maintenance reserves	-	13,538.58	13,538.58
Other non-current assets	26,318.70	(8,118.14)	18,200.56

8.38 Events after the Reporting Period

8.38.1 The Company plans to enter into derivative transaction, Cross Currency Swap (CCS), for USD aircraft operating leases and THB debentures. These financial instruments will be gradually utilized according to the degree of favorability in the financial market

8.38.2 In February 2020, Nok Airlines Public Company Limited offered 888,147,358 newly issued ordinary shares with a par value of THB 1.00 at the offering price THB 2.50 per share. Nok Airlines Public Company Limited received net proceeds of THB 1,548.24 million, However, the Company did not subscribe to the newly issued ordinary shares which caused the decrease of the Company's share portion from 15.94 to 13.28 percent.

8.38.3 According to the outbreak of the COVID-19 virus which become continuously widespread in many countries causes Thai government and other countries' governments prohibited or advised citizens to refrain from traveling to risky countries. It inevitably affects to the aviation and tourism industry, as a result, the Company has to diminish flights and traffic production since the number of passengers have significantly decreased.

However, the Company is in the process of implementing measures to effectively manage the impact from the COVID-19 virus by establishing a working group for the problem solving to supervising and closely monitoring to handle the current situations. However, the situation is still uncertain and the disease spreads into Europe and many other countries at present.

8.39 Approval of Financial Statements

The financial statements have been approved by the Board of Directors of the Company on February 28, 2020.
