

Thai AirAsia Company Limited  
Review report and interim financial information  
For the three-month and nine-month periods ended  
30 September 2020



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## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Thai AirAsia Company Limited

I have reviewed the accompanying statement of financial position of Thai AirAsia Company Limited as at 30 September 2020, the related statements of comprehensive income for the three-month and nine-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

## Emphasis of matters

I draw the following attentions:

- a) As described in Note 1.2 to the interim financial statements, the Company has had operating losses since 2019 and the statement of financial position as at 30 September 2020 presented capital deficits and current liabilities exceeded its current assets by significant amount. Additionally, the COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. The situation also affects the Company's aviation business in which the Company has suspended flight operations or limited flights until the COVID-19 situation improves. This situation has significantly affected the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. In this regard, the Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

Currently, the management is the process of implementing various measures to seek additional sources of funds, modify business plans, reduce costs and postpone repayment to manage the Company's liquidity and its cash flows, and the management believes that the Company will be able to continue as a going concern. The interim financial information has been prepared under the going concern basis. However, the success of partial financing plans and business plans depends on external factors and COVID-19 situation. This indicates that there are material uncertainties which may raise substantial doubt about the Company's ability to continue as a going concern.

- b) As described in Note 1.4 to the interim financial statements, during the current period, the Company changed its accounting policies due to the adoption of financial reporting standards related to financial instruments and TFRS 16 Leases which the Company recognised the cumulative effect from the adoption of new financial reporting standards as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

- c) As described in Note 1.5 to the interim financial statements, due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month and nine-month periods ended 30 September 2020, the Company has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions.

My conclusion is not modified in respect of these matters.



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 10 November 2020

**Thai AirAsia Company Limited**  
**Statement of financial position**  
**As at 30 September 2020**

(Unit: Baht)

	Note	30 September 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,256,729,134	3,889,580,945
Trade and other receivables	5	441,759,391	596,848,919
Amounts due from related parties	3	643,156,283	1,919,708,411
Inventories		185,108,641	294,641,205
Current tax assets		26,602,885	24,179,899
Prepaid expenses		275,220,633	355,883,102
Other current assets		-	251,412,464
<b>Total current assets</b>		<b>3,828,576,967</b>	<b>7,332,254,945</b>
<b>Non-current assets</b>			
Other non-current financial assets	3	1,064,425,141	-
Derivative assets	21	14,255,689	-
Long-term investment		-	11,732,200
Aircraft maintenance reserves	3, 6	5,920,304,280	5,963,213,001
Property, aircraft, leasehold improvements and equipment	2, 7	6,033,738,760	24,821,094,240
Right-of-use assets	8	31,124,520,392	-
Intangible assets	9	17,491,439	22,770,352
Deferred tax assets	17	1,491,436,374	-
Other non-current assets	3	-	915,922,904
<b>Total non-current assets</b>		<b>45,666,172,075</b>	<b>31,734,732,697</b>
<b>Total assets</b>		<b>49,494,749,042</b>	<b>39,066,987,642</b>

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

**Thai AirAsia Company Limited**

**Statement of financial position (continued)**

**As at 30 September 2020**

(Unit: Baht)

	Note	30 September 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term borrowings from financial institutions	10	1,300,000,000	1,750,000,000
Trade payables		616,004,241	915,104,548
Other payables		318,519,559	639,616,812
Amounts due to related parties	3	2,977,568,391	373,823,439
Current portion of long-term borrowings from financial institutions	11	773,052,274	353,601,294
Current portion of long-term debentures	12	1,499,631,945	999,872,760
Current portion of liabilities under lease agreements	3, 13	6,371,893,047	-
Current portion of liabilities under finance lease agreements	13	-	1,334,736,213
Unearned income		2,851,132,053	4,648,342,693
Accrued expenses		2,026,689,089	2,702,956,063
Derivative liabilities	21	601,962,302	-
Other current liabilities		-	238,162,054
<b>Total current liabilities</b>		<b>19,336,452,901</b>	<b>13,956,215,876</b>
<b>Non-current liabilities</b>			
Long-term borrowings from financial institutions - net of current portion	11	2,475,694,163	4,285,878,021
Long-term debentures - net of current portion	12	1,598,184,502	3,096,860,858
Liabilities under lease agreements - net of current portion	3, 13	26,305,431,888	-
Liabilities under finance lease agreements - net of current portion	13	-	10,158,877,454
Provision for long-term employee benefits	14	774,676,179	666,297,843
Derivative liabilities	21	1,007,483,537	-
Deferred tax liabilities	17	-	64,421,455
<b>Total non-current liabilities</b>		<b>32,161,470,269</b>	<b>18,272,335,631</b>
<b>Total liabilities</b>		<b>51,497,923,170</b>	<b>32,228,551,507</b>

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

**Thai AirAsia Company Limited**

**Statement of financial position (continued)**

**As at 30 September 2020**

(Unit: Baht)

	30 September 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>		
Share capital		
Registered		
43,555,560 ordinary shares of Baht 10 each	435,555,600	435,555,600
Issued and fully paid up		
43,555,560 ordinary shares of Baht 10 each	435,555,600	435,555,600
Premium on ordinary shares	2,628,786,469	2,628,786,469
Retained earnings (deficits)		
Appropriated - statutory reserve	43,555,560	43,555,560
Unappropriated	(4,154,822,781)	3,730,538,506
Other components of shareholders' equity	(956,248,976)	-
<b>Total shareholders' equity (capital deficits)</b>	<b>(2,003,174,128)</b>	<b>6,838,436,135</b>
<b>Total liabilities and shareholders' equity</b>	<b>49,494,749,042</b>	<b>39,066,987,642</b>

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

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Directors

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(Unaudited but reviewed)

## Thai AirAsia Company Limited

## Statement of comprehensive income

For the three-month period ended 30 September 2020

		(Unit: Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenues from sales and services		2,121,858,779	9,419,090,240
Other income	15	281,387,324	237,995,689
<b>Total revenues</b>		<u>2,403,246,103</u>	<u>9,657,085,929</u>
<b>Expenses</b>			
Cost of sales and services		4,370,151,773	9,350,257,096
Selling and distribution expenses		110,011,987	351,274,802
Administrative expenses		198,932,487	364,844,881
Other expenses	16	842,959,561	80,074,587
<b>Total expenses</b>		<u>5,522,055,808</u>	<u>10,146,451,366</u>
<b>Loss from operating activities</b>		(3,118,809,705)	(489,365,437)
Finance income		3,462,676	4,327,363
Finance costs		(410,362,353)	(198,176,964)
<b>Loss before income tax revenue (expense)</b>		<u>(3,525,709,382)</u>	<u>(683,215,038)</u>
Income tax revenue (expense)	17	183,364,637	(77,431,134)
<b>Loss for the period</b>		<u>(3,342,344,745)</u>	<u>(760,646,172)</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Gain on cash flow hedges		801,171,101	-
Change in cost of cash flow hedges		16,499,457	-
<b>Other comprehensive income for the period</b>		<u>817,670,558</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>(2,524,674,187)</u>	<u>(760,646,172)</u>
<b>Loss per share</b>			
Basic loss per share	18	(76.74)	(17.46)
Number of ordinary shares (Share)		<u>43,555,560</u>	<u>43,555,560</u>

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

(Unaudited but reviewed)

**Thai AirAsia Company Limited**

**Statement of comprehensive income**

**For the nine-month period ended 30 September 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenues from sales and services		10,201,019,772	30,183,067,648
Other income	7, 15	1,877,553,910	1,017,921,589
<b>Total revenues</b>		<u>12,078,573,682</u>	<u>31,200,989,237</u>
<b>Expenses</b>			
Cost of sales and services		15,940,868,703	28,956,759,752
Selling and distribution expenses		555,376,349	1,136,025,607
Administrative expenses		707,600,026	1,272,733,509
Other expenses	16	1,164,774,147	-
<b>Total expenses</b>		<u>18,368,619,225</u>	<u>31,365,518,868</u>
<b>Loss from operating activities</b>		(6,290,045,543)	(164,529,631)
Finance income		21,685,848	17,633,299
Finance costs		(1,352,671,420)	(569,802,718)
<b>Loss before income tax revenue (expense)</b>		(7,621,031,115)	(716,699,050)
Income tax revenue (expense)	17	979,591,587	(20,172,533)
<b>Loss for the period</b>		<u>(6,641,439,528)</u>	<u>(736,871,583)</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Loss on cash flow hedges		(771,014,623)	-
Change in cost of cash flow hedges		16,330,030	-
<b>Other comprehensive income for the period</b>		<u>(754,684,593)</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>(7,396,124,121)</u></u>	<u><u>(736,871,583)</u></u>
<b>Loss per share</b>	18		
Basic loss per share		(152.48)	(16.92)
Number of ordinary shares (Share)		<u>43,555,560</u>	<u>43,555,560</u>

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

Thai AirAsia Company Limited

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2020

(Unaudited but reviewed)

(Unit: Baht)

	Other components of shareholders' equity						Total
	Other comprehensive income			Total other		shareholders' equity (capital deficits)	
	Loss on cash flow hedges	Change in cost of hedges	Retained earnings (deficits)	components of shareholders' equity			
			Unappropriated				
	Issued and paid-up share capital	Premium on ordinary shares	Appropriated	Unappropriated			
<b>Balance as at 1 January 2019</b>	435,555,600	2,628,786,469	43,555,560	4,536,632,711	-	7,644,530,340	
Loss for the period	-	-	-	(736,871,583)	-	(736,871,583)	
Other comprehensive income for the period	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	(736,871,583)	-	(736,871,583)	
<b>Balance as at 30 September 2019</b>	435,555,600	2,628,786,469	43,555,560	3,799,761,128	-	6,907,688,757	
<b>Balance as at 1 January 2020</b>	435,555,600	2,628,786,469	43,555,560	3,730,538,506	-	6,838,436,135	
Cumulative effect of change in accounting policies (Note 2)	-	-	-	(1,243,921,759)	(11,204,957)	(1,445,486,142)	
<b>Balance as at 1 January 2020 - as restated</b>	435,555,600	2,628,786,469	43,555,560	2,486,616,747	(190,359,426)	5,392,949,993	
Loss for the period	-	-	-	(6,641,439,528)	-	(6,641,439,528)	
Other comprehensive income for the period	-	-	-	-	16,330,030	(754,684,593)	
Total comprehensive income for the period	-	-	-	-	16,330,030	(738,304,498)	
<b>Balance as at 30 September 2020</b>	435,555,600	2,628,786,469	43,555,560	(4,154,822,781)	5,125,073	(2,003,174,128)	

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

(Unaudited but reviewed)

**Thai AirAsia Company Limited****Cash flow statement****For the nine-month period ended 30 September 2020**

	(Unit: Baht)	
	2020	2019
<b>Cash flows from operating activities</b>		
Loss before tax	(7,621,031,115)	(716,699,050)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:		
Reversal of allowance for expected credit losses	(4,506,575)	-
Depreciation and amortisation	4,325,164,181	1,293,383,547
Gain on sales of aircraft and equipment and write-off of leasehold improvements and intangibles assets	(1,331,763,383)	(417,507)
Amortisation of aircraft maintenance reserves	551,837,826	-
Long-term employee benefits expenses	113,680,058	203,705,995
Loss on derivatives	147,921,537	-
Unrealised (gain) loss on exchange	1,399,118,626	(217,399,106)
Interest income	(21,685,848)	(17,280,898)
Interest expenses	1,352,671,420	569,802,718
Profit (loss) from operating activities before changes in operating assets and liabilities	(1,088,593,273)	1,115,095,699
Operating assets (increase) decrease		
Trade and other receivables	413,086,374	(191,676,882)
Amounts due from related parties	1,275,986,320	(1,347,295,741)
Inventories	109,532,564	(92,032,061)
Prepaid expenses	(61,857,145)	32,816,660
Other current assets	-	212,598,438
Other non-current financial assets	(131,153,163)	-
Other non-current assets	-	4,893,251
Operating liabilities increase (decrease)		
Trade payables	(312,916,633)	727,268,418
Other payables	(572,790,400)	55,249,981
Amounts due to related parties	2,613,912,615	(180,804,277)
Unearned income	(1,797,210,640)	(756,743,504)
Accrued expenses	(778,197,909)	(318,977,607)
Other current liabilities	-	13,356,175
Payment for long-term employee benefits	(5,301,722)	(9,501,650)
Cash flows used in operating activities	(335,503,012)	(735,753,100)
Cash paid for income tax	(2,422,986)	(6,739,050)
<b>Net cash flows used in operating activities</b>	<b>(337,925,998)</b>	<b>(742,492,150)</b>

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

(Unaudited but reviewed)

## Thai AirAsia Company Limited

## Cash flow statement (continued)

For the nine-month period ended 30 September 2020

	(Unit: Baht)	
	2020	2019
<b>Cash flows from investing activities</b>		
Increase in long-term investment	-	(597,300)
Payments for aircraft maintenance reserves	(508,929,105)	(514,819,873)
Payments for leasehold improvements and acquisitions of equipment	(621,883,060)	(259,400,922)
Acquisitions of intangible assets	(1,957,627)	(1,634,446)
Interest income	21,675,489	13,663,374
Proceeds from sales of aircraft and equipment	13,372,411,321	1,093,780
<b>Net cash flows from (used in) investing activities</b>	<b>12,261,317,018</b>	<b>(761,695,387)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings from financial institutions	(150,000,000)	1,100,000,000
Proceeds from long-term borrowing from financial institution	529,000,000	650,000,000
Payment for front end fee of long-term borrowing from financial institution	-	(1,500,000)
Repayments of long-term borrowings from financial institutions	(40,072,325)	(161,011,687)
Payments for early termination of long-term borrowings	(2,180,023,438)	-
Repayment of long-term debenture	(1,000,000,000)	-
Cash paid for liabilities under lease agreements	(3,398,257,811)	(981,655,134)
Payments for early termination of lease agreements	(7,084,712,129)	-
Interest paid	(149,755,898)	(537,130,714)
<b>Net cash flows from (used in) financing activities</b>	<b>(13,473,821,601)</b>	<b>68,702,465</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,550,430,581)</b>	<b>(1,435,485,072)</b>
Cash and cash equivalents at beginning of the period	3,889,580,945	4,036,975,843
Unrealised exchange loss on cash and cash equivalents	(82,421,230)	(125,545,030)
<b>Cash and cash equivalents at end of the period (Note 4)</b>	<b>2,256,729,134</b>	<b>2,475,945,741</b>
<b>Non-cash items:</b>		
Increase in other payables from acquisitions of equipment	7,075,256	2,718,592
Transfer right-of-use assets to property, aircraft, leasehold improvements and equipment	9,356,046,615	-
Increase in right-of-use assets from new lease agreements	7,655,027,790	-
Extension of borrowing period from short-term to long-term	300,000,000	-
Decrease in liabilities under lease agreements from reduction in lease payments by lessors resulting from the COVID-19 situation	28,652,083	-

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

**Thai AirAsia Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2020**

**1. General information**

**1.1 The Company's general information**

Thai AirAsia Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. Its parent company is Asia Aviation Public Company Limited, a company listed in the Stock Exchange of Thailand, and incorporated in Thailand. The Company is principally engaged in low-fare airline business company. Its registered address is at 222, Don Mueang International Airport, Central Office Building, Room no. 3200, 3rd floor, Vibhavadee Rangsit Road, Sanam Bin Sub-District, Don Mueang District, Bangkok.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more. The situation also affects the Company’s aviation business in which the Company has suspended flight operations or limited flights until the Coronavirus disease 2019 pandemic situation improves. Currently, the Company announces temporary fleet hibernation of domestic routes from 1 April 2020 to 30 April 2020 and international routes from 22 March 2020.

The Coronavirus disease 2019 pandemic significantly affects the Company's financial position, operating results, and cash flows at present, and is expected to continue in the future. The statement of financial position as at 30 September 2020 presented capital deficits and current liabilities significantly exceeded its current assets by significant amount. The management is in the process of implementing various measures to seek additional sources of funds, revise business plans, reduce costs and postpone repayment to manage the Company's liquidity and its cash flows, and the management believes that the Company will be able to continue as a going concern. The interim financial statements have been prepared under the going concern basis. However, the success of financing plans and business plans to manage liquidity depends on various material factors of uncertainties which may raise substantial doubt about the Company's ability to continue as a going concern. In this regard, the Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

### 1.3 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements in compliance with the stipulations of the Notification of the Department of Business Development dated 26 December 2019, issued under the Accounting Act B.E. 2543.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

### 1.4 New financial reporting standards

#### a. Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements, except the new standards which involve changes to key principles as summarised below:

#### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The significant impacts of the adoption of these standards on the Company's financial statements are as follows:

- Recognition of credit losses - The Company recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Company initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. However, the effective portions of such changes of hedging instruments are recognised in other comprehensive income when the Company applies hedge accounting for certain derivatives.

The Company adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings and other comprehensive income as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

**b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**1.5 Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.
- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

**1.6 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

## 1.6.1 Financial instruments

### **Classification and measurement**

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial liabilities are classified and measured at amortised cost.

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

### **Impairment of financial assets**

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

### **Hedge accounting**

If hedge accounting criteria are met, recognition is as follows:

For fair value hedges, a change in fair value of the hedging instruments and a change in fair value of the hedged items attributable to the risk being hedged are both recognised in profit or loss.

For cash flow hedges, a change in fair value of the effective portion of the hedging instrument is recognised in other comprehensive income, while a change in fair value of the ineffective portion of the hedging instruments is recognised in profit or loss.

## 1.6.2 Leases

### ***Right-of-use assets***

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

**Short-term leases and Leases of low-value assets**

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## 2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.4, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the shareholders' equity and classifications as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Million Baht)

	31 December 2019	The impacts of financial reporting standards		1 January 2020
		Related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Trade and other receivables	597	245	-	842
Prepaid expenses	356	-	(143)	213
Derivative assets	-	315	-	315
Other current assets	251	(251)	-	-
<b>Non-current assets</b>				
Other non-current financial assets	-	928	-	928
Derivative assets	-	22	-	22
Long-term investment	12	(12)	-	-
Property, aircraft, leasehold improvements and equipment	24,821	-	(16,310)	8,511
Right-of-use assets	-	-	36,747	36,747
Deferred tax assets (liabilities)	(64)	50	337	323
Other non-current assets	916	(916)	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	The impacts of financial reporting standards			1 January 2020
	31 December 2019	Related to financial instruments	TFRS 16	
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Other payables	640	238	-	878
Current portion of liabilities under lease agreements	-	-	5,271	5,271
Current portion of liabilities under finance lease agreements	1,335	-	(1,335)	-
Derivative liabilities	-	34	-	34
Other current liabilities	238	(238)	-	-
<b>Non-current liabilities</b>				
Liabilities under lease agreements				
- net of current portion	-	-	27,840	27,840
Liabilities under finance lease agreements				
- net of current portion	10,159	-	(10,159)	-
Derivative liabilities	-	807	-	807
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	3,731	(258)	(986)	2,487
Other components of shareholders' equity	-	(202)	-	(202)

## 2.1 Financial instruments

The impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments was from recognition of an allowance for expected credit losses on financial assets amounting to Baht 6 million and recognition of derivatives at fair value through profit or loss with accumulated loss of Baht 252 million.

The impact on other components of shareholders' equity as at 1 January 2020 was from recognition of derivatives at fair value through other comprehensive income with accumulated loss of Baht 202 million.

The classifications and measurement basis of financial assets and liabilities in accordance with TFRS 9 as at 1 January 2020 are amortised cost, except derivatives which are classified and measured as follows.

(Unit: Million Baht)

	Classification and measurement in accordance with TFRS 9		
	Fair value through profit or loss	Fair value through comprehensive income	Total
Derivative assets	1	336	337
Derivative liabilities	253	588	841

## 2.2 Leases

Upon initial application of TFRS 16 the Company recognised the carrying amount of the right-of-use assets and lease liabilities as below.

- For leases previously classified as operating leases, the Company recognised lease liabilities at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020, and recognised the carrying amount of the right-of-use assets as if the standard had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at 1 January 2020.
- For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

The adjustments of lease liabilities due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)
Operating lease commitments as at 31 December 2019	25,293
Less: Short-term leases and leases of low-value assets	(129)
Less: Contracts reassessed as service agreements	(143)
Less: Deferred interest expenses	(3,404)
Increase in lease liabilities due to TFRS 16 adoption	21,617
Liabilities under finance lease agreements as at 31 December 2019	11,494
Lease liabilities as at 1 January 2020	<u>33,111</u>
Comprise of:	
Current lease liabilities	5,271
Non-current lease liabilities	27,840
	<u>33,111</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)
Aircraft and aircraft engine	36,382
Space	189
Motor vehicles	176
Total right-of-use assets	<u>36,747</u>

**3. Related party transactions**

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	(Unit: Million Baht)	
	For the three-month periods ended 30 September	
	2020	2019
<b>Transactions with the parent company</b>		
Management expenses	6	6
<b>Transactions with related companies</b>		
Engineering service income	2	31
Ground handling service income	-	11
Interest income from default receivables	-	2
Other administrative income	4	12
Other service income	1	4
Revenues for loyalty program to customers	11	18
Revenues from freight and cargo	3	-
Share of loss from fuel price swap agreements	812	2
Allocated staff cost for accounting and other service expenses	11	18
Aircraft and aircraft engines rental	391	537
Aircraft repair and maintenance	283	533
Purchases of merchandises and equipment	1	3
Management expenses	3	3
Booking fee expenses	44	32
Service fee expenses	1	-
Pilot training expenses	-	4
Brand license fee expenses	36	143
Expenses for loyalty programs to customers	11	18
Ground handling service expenses	5	36
Marketing fund expenses (reversal)	(10)	29
Security expenses	-	3
Conference room and other service expenses	-	1

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods  
ended 30 September

	2020	2019
<b>Transactions with the parent company</b>		
Management expenses	19	19
<b>Transactions with related companies</b>		
Engineering service income	30	81
Ground handling service income	8	31
Interest income from default receivables	-	3
Other administrative income	16	32
Other service income	6	12
Revenues for loyalty program to customers	33	66
Revenues from freight and cargo	80	-
Share of gain (loss) from fuel price swap agreements	(1,702)	16
Allocated staff cost for accounting and other service expenses	35	59
Aircraft and aircraft engines rental	1,296	1,648
Aircraft repair and maintenance	818	1,682
Purchases of merchandises and equipment	6	13
Management expenses	11	11
Booking fee expenses	76	112
Service fee expenses	3	-
Pilot training expenses	-	4
Brand license fee expenses	171	456
Expenses for loyalty programs to customers	33	66
Ground handling service expenses	21	101
Marketing fund expenses	35	112
Security expenses	3	15
Conference room and other service expenses	1	2

As at 30 September 2020 and 31 December 2019, the outstanding balances between the Company and those related parties are as follows.

	(Unit: Baht)	
	30 September 2020	31 December 2019
<b>Receivables - related parties</b>		
Related companies (common shareholders and/or directors)	643,156,283	1,919,708,411
Total	643,156,283	1,919,708,411

(Unaudited but reviewed)

	(Unit: Baht)	
	30 September 2020	31 December 2019
<b>Other non-current financial assets/ Other non-current assets - related parties</b>		
<i>Deposits for lease of aircraft and aircraft engines</i>		
Related company (common shareholders and directors)	289,708,000	275,785,640
<i>Deposits for fuel price swap agreements</i>		
Related company (common shareholders and directors)	15,745,000	14,988,350
<i>Other deposits</i>		
Related company (common directors)	20,000,000	20,000,000
Total	<u>325,453,000</u>	<u>310,773,990</u>
<b>Aircraft maintenance reserves - related party</b>		
Related company (common shareholders and directors)	5,920,304,280	5,963,213,001
Total	<u>5,920,304,280</u>	<u>5,963,213,001</u>
<b>Payables - related parties</b>		
Related companies (common shareholders and/or directors)	2,977,568,391	373,823,439
Total	<u>2,977,568,391</u>	<u>373,823,439</u>
<b>Lease liabilities - related party</b>		
Related company (common shareholders)	3,260,799,150	-
Total	<u>3,260,799,150</u>	<u>-</u>

#### Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the three-month periods ended 30 September	
	2020	2019
Short-term employee benefits	17,855,027	29,197,474
Post-employment benefits	1,958,442	5,163,943
Total	<u>19,813,469</u>	<u>34,361,417</u>

  

	(Unit: Baht)	
	For the nine-month periods ended 30 September	
	2020	2019
Short-term employee benefits	60,564,972	123,491,717
Post-employment benefits	5,878,964	34,969,404
Total	<u>66,443,936</u>	<u>158,461,121</u>

**4. Cash and cash equivalents**

	(Unit: Baht)	
	30 September 2020	31 December 2019
Cash	10,434,343	38,826,334
Bank deposits	2,246,294,791	3,850,754,611
Total	<u>2,256,729,134</u>	<u>3,889,580,945</u>

**5. Trade and other receivables**

	(Unit: Baht)	
	30 September 2020	31 December 2019
<u>Trade receivables</u>		
Aged on the basis of due dates		
Not yet due	95,517,794	432,763,913
Past due		
Up to 3 months	7,398,835	79,187,910
3 - 6 months	2,041,057	19,721,014
6 - 12 months	56,630,788	10,633,380
Over 12 months	9,484,347	44,372
Total	<u>171,072,821</u>	<u>542,350,589</u>
Less: Allowance for expected credit losses	<u>(1,844,894)</u>	<u>-</u>
Total trade receivables - net	<u>169,227,927</u>	<u>542,350,589</u>
<u>Other receivables</u>		
Value added tax refundable	106,548,985	-
Accrued airport fee and incentive income	4,626,925	6,332,761
Accrued income	511,192	2,130,251
Others	160,844,362	46,035,318
Total other receivables	<u>272,531,464</u>	<u>54,498,330</u>
Total trade and other receivables	<u>441,759,391</u>	<u>596,848,919</u>

**6. Aircraft maintenance reserves**

Movements of the aircraft maintenance reserves account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2020	5,963,213,001
Payment for aircraft maintenance reserves	508,929,105
Amortisation	<u>(551,837,826)</u>
Net book value as at 30 September 2020	<u>5,920,304,280</u>

**7. Property, aircraft, leasehold improvements and equipment**

Movements of the property, aircraft, leasehold improvements and equipment account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2020 (Note 2)	8,510,766,375
Acquisitions - at cost	628,958,316
Increase from early termination of lease agreements	9,356,046,615
Disposals/write-off - net book value as at disposed/written-off date	(12,040,647,938)
Depreciation	<u>(421,384,608)</u>
Net book value as at 30 September 2020	<u><u>6,033,738,760</u></u>

During the current period, the Company transferred rights in 8 aircraft by repaying liabilities and fees to early terminate lease agreements in order to use those 8 aircraft and another 2 owned aircraft to enter into the aircraft sale and leaseback transactions with two companies. The transactions comprised selling of 10 aircraft and lease 9 aircraft back to use in the normal business operation. The Company recognised gain on disposals of those aircraft amounting to Baht 1,332 million as presented as a part of other income.

As at 30 September 2020, the Company has pledged its land and building constructed thereon and 2 aircraft (31 December 2019: 4 aircraft) with net book value amounting to approximately Baht 2,277 million (31 December 2019: Baht 4,348 million) as collateral against credit facilities received from financial institutions as discussed in Note 11.

**8. Right-of-use assets**

Movement of right-of-use assets account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2020 (Note 2)	36,746,606,191
Decrease from early termination of lease agreements	(9,356,046,615)
Increase from new lease agreements during the period	7,655,027,790
Depreciation	<u>(3,921,066,974)</u>
Net book value as at 30 September 2020	<u><u>31,124,520,392</u></u>

During the three-month and nine-month periods ended 30 September 2020, the Company reversed depreciation of right-of-use assets amounting to Baht 13 million and Baht 25 million, respectively, as a result of its decision to apply the temporary relief measures on accounting alternatives due to COVID-19 situation.

**9. Intangible assets**

Movements of intangible assets account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2020	22,770,352
Acquisitions - at cost	1,957,627
Amortisation	<u>(7,236,540)</u>
Net book value as at 30 September 2020	<u>17,491,439</u>

**10. Short-term borrowings from financial institutions**

As at 30 September 2020, short-term borrowings from financial institutions were in the form of promissory notes and carried fixed interest at rates between 2.00 and 2.85 percent per annum (31 December 2019: 1.93 and 2.70 percent per annum).

**11. Long-term borrowings from financial institutions**

	(Unit: Baht)	
	<u>30 September 2020</u>	<u>31 December 2019</u>
Current portion of long-term borrowings from financial institutions	773,864,346	354,085,140
Less: Front end fee	<u>(812,072)</u>	<u>(483,846)</u>
Total current portion of long-term borrowings - net	<u>773,052,274</u>	<u>353,601,294</u>
Long-term borrowings from financial institutions - net of current portion	2,477,015,920	4,287,890,889
Less: Front end fee	<u>(1,321,757)</u>	<u>(2,012,868)</u>
Total non-current portion of long-term borrowings - net	<u>2,475,694,163</u>	<u>4,285,878,021</u>
Total long-term borrowings from financial institutions	<u>3,248,746,437</u>	<u>4,639,479,315</u>

Movements of long-term borrowings from financial institutions account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2020	4,639,479,315
Borrowing during the period	529,000,000
Increase from extension of loan repayment period	300,000,000
Amortisation of front end fee	362,885
Repayments of long-term borrowings	(40,072,325)
Payments for early termination of long-term borrowings	<u>(2,180,023,438)</u>
Balance as at 30 September 2020	<u>3,248,746,437</u>

During the current period, the Company early terminated a long-term loan agreement to released the pledge of 2 aircraft, in order to enter into the aircraft sale and leaseback transactions discussed in Note 7.

On 23 April 2020, the Company amended a loan agreement to defer payments of principal and interest for the payment period from April to September 2020, and agreed to pay the deferred interest together with the final repayment of principal in January 2026.

On 26 May 2020, the Company entered into an annotation to a short-term borrowing agreement to defer payment of some principal, with the Company agreeing to make monthly interest payments to the bank. Repayment of the deferred principal amounts is to begin from December 2021, with the final payment to be made within March 2023.

As at 30 September 2020 and 31 December 2019, the long-term borrowings are secured by the mortgage of the Company's land and building constructed thereon and the pledge of the Company's aircraft as described in Note 7.

The loan agreement contains covenants which, among other things, require the Company to maintain an interest-bearing debt-to-equity ratio at the rate prescribed in the agreement. A bank reviews this ratio on a semi-annual basis.

## 12. Long-term debentures

	(Unit: Baht)	
	30 September 2020	31 December 2019
Current portion of long-term debentures	1,500,000,000	1,000,000,000
Less: Front end fee	<u>(368,055)</u>	<u>(127,240)</u>
Total current portion of long-term debentures - net	<u>1,499,631,945</u>	<u>999,872,760</u>
Long-term debentures - net of current portion	1,600,000,000	3,100,000,000
Less: Front end fee	<u>(1,815,498)</u>	<u>(3,139,142)</u>
Total non-current portion of long-term debentures - net	<u>1,598,184,502</u>	<u>3,096,860,858</u>
Total long-term debentures	<u><u>3,097,816,447</u></u>	<u><u>4,096,733,618</u></u>

Long-term debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 30 September 2020 amounted to Baht 3,002 million (31 December 2019: Baht 4,152 million).

Movements of long-term debentures account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2020	4,096,733,618
Amortisation of front end fee	1,082,829
Repayment of long-term debentures	<u>(1,000,000,000)</u>
Balance as at 30 September 2020	<u><u>3,097,816,447</u></u>

**13. Liabilities under lease agreements/ Liabilities under finance lease agreements**

	(Unit: Baht)	
	<u>30 September 2020</u>	<u>31 December 2019</u>
Liabilities under lease agreements/ Liabilities under finance lease agreements	37,427,108,931	13,400,792,385
Less: Deferred interest expenses	<u>(4,749,783,996)</u>	<u>(1,907,178,718)</u>
Total	32,677,324,935	11,493,613,667
Less: Portion due within one year	<u>(6,371,893,047)</u>	<u>(1,334,736,213)</u>
Liabilities under lease agreements/ Liabilities under finance lease agreements - net of current portion	<u><u>26,305,431,888</u></u>	<u><u>10,158,877,454</u></u>

Movements of liabilities under lease agreements account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2020 (Note 2)	33,110,205,789
Increase from new lease agreements during the period	7,655,027,790
Decrease from reduction in lease payments by lessors resulting from the COVID-19 situation	(28,652,083)
Repayments for liabilities under lease agreements during the period	(3,398,257,811)
Payments for early termination of lease agreements	(7,084,712,129)
Accretion of interest	1,170,134,552
Impact of exchange rate difference	<u>1,253,578,827</u>
Balance as at 30 September 2020	<u><u>32,677,324,935</u></u>

During the current period, the Company early terminated aircraft lease agreements for the purpose of entering into the aircraft sale and leaseback transactions as discussed in Note 7.

During the three-month and nine-month periods ended 30 September 2020, the Company reversed interest expenses of liabilities under lease agreements amounting to Baht 2 million and Baht 4 million, respectively, as a result of its decision to apply the temporary relief measures on accounting alternatives due to COVID-19 situation.

**14. Provision for long-term employee benefits**

Movements of provision for long-term employee benefits account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2020	666,297,843
Increase during the period	113,680,058
Utilised	<u>(5,301,722)</u>
Balance as at 30 September 2020	<u><u>774,676,179</u></u>

(Unaudited but reviewed)

**15. Other income**

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Gain on disposals of aircraft and leasehold improvements (Note 7)	144,630	60,654	1,331,763,383	417,925
Gain on exchange	-	-	-	271,231,936
Others	281,242,694	237,935,035	545,790,527	746,271,728
<b>Total</b>	<b>281,387,324</b>	<b>237,995,689</b>	<b>1,877,553,910</b>	<b>1,017,921,589</b>

**16. Other expenses**

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Loss on exchange	734,523,439	80,074,587	1,016,852,610	-
Loss on derivatives	108,436,122	-	147,921,537	-
<b>Total</b>	<b>842,959,561</b>	<b>80,074,587</b>	<b>1,164,774,147</b>	<b>-</b>

**17. Income tax**

Interim corporate income tax was calculated on profit before income tax for the periods, using the estimated effective tax rate for the year.

Income tax (revenue) expense for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows.

(Unit: Baht)

	For the three-month periods	
	ended 30 September	
	2020	2019
<b>Current income tax:</b>		
Interim corporate income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(183,364,637)	77,431,134
<b>Income tax (revenue) expense reported in profit or loss</b>	<b>(183,364,637)</b>	<b>77,431,134</b>

(Unaudited but reviewed)

(Unit: Baht)

For the nine-month periods  
ended 30 September

	2020	2019
<b>Current income tax:</b>		
Interim corporate income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(979,591,587)	20,172,533
<b>Income tax (revenue) expense reported in profit or loss</b>	<b>(979,591,587)</b>	<b>20,172,533</b>

Income tax effect relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 are as follows.

(Unit: Baht)

For the three-month periods  
ended 30 September

	2020	2019
Gain on cash flow hedges	200,292,776	-
Change in cost of cash flow hedges	4,124,864	-
Income tax expense recorded in other comprehensive income	204,417,640	-

(Unit: Baht)

For the nine-month periods  
ended 30 September

	2020	2019
Loss on cash flow hedges	(192,753,655)	-
Change in cost of cash flow hedges	4,082,507	-
Income tax revenue recorded in other comprehensive income	(188,671,148)	-

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	Statements of financial position	
	30 September 2020	31 December 2019
<b>Deferred tax assets</b>		
Leases	247,068,873	-
Derivatives		
Fuel price swap agreements	218,455,803	-
Interest rate swap agreements	35,565,486	-
Foreign exchange forward contracts	30,108,366	-
Cross currency swap agreements	34,908,375	-
Provision for long-term employee benefits	146,382,408	129,880,251
Unused tax losses	778,947,063	529,893,825
<b>Total</b>	<b>1,491,436,374</b>	<b>659,774,076</b>
<b>Deferred tax liabilities</b>		
Finance leases	-	(724,195,531)
<b>Total</b>	<b>-</b>	<b>(724,195,531)</b>
<b>Net</b>	<b>1,491,436,374</b>	<b>(64,421,455)</b>

The unused tax losses amounting to Baht 779 million (31 December 2019: Baht 530 million) will expire by 2025 (31 December 2019: 2024). In this regard, the management of the Company elected to apply the temporary relief measures on accounting alternative, as discussed in Note 1.5, not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.

## 18. Loss per share

Basic loss per share is calculated by dividing loss for the periods (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the periods.

**19. Segment information**

The Company is organised into business units. During the current periods, the Company has not changed the organisation of the reportable segments.

Revenues and loss information regarding the Company's operating segments for the three-month and nine-month periods ended 30 September 2020 and 2019 are as follows.

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
<b>For the three-month period ended 30 September 2020</b>			
<b>Revenues</b>			
Revenues from sales and services	2,099,484,668	22,374,111	2,121,858,779
<b>Total revenues</b>	<b>2,099,484,668</b>	<b>22,374,111</b>	<b>2,121,858,779</b>
<b>Operating result</b>			
<b>Segment profit (loss)</b>	(2,565,812,246)	8,574,778	(2,557,237,468)
Other income			281,387,324
Other expenses			(842,959,561)
Finance income			3,462,676
Finance costs			(410,362,353)
<b>Loss before income tax</b>			<b>(3,525,709,382)</b>
Income tax revenue			183,364,637
<b>Loss for the period</b>			<b>(3,342,344,745)</b>

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
<b>For the three-month period ended 30 September 2019</b>			
<b>Revenues</b>			
Revenues from sales and services	9,088,229,515	330,860,725	9,419,090,240
<b>Total revenues</b>	<b>9,088,229,515</b>	<b>330,860,725</b>	<b>9,419,090,240</b>
<b>Operating result</b>			
<b>Segment loss</b>	(622,864,806)	(24,421,733)	(647,286,539)
Other income			237,995,689
Other expenses			(80,074,587)
Finance income			4,327,363
Finance costs			(198,176,964)
<b>Loss before income tax</b>			<b>(683,215,038)</b>
Income tax expense			(77,431,134)
<b>Loss for the period</b>			<b>(760,646,172)</b>

(Unaudited but reviewed)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
<b>For the nine-month period ended 30 September 2020</b>			
<b>Revenues</b>			
Revenues from sales and services	9,898,393,872	302,625,900	10,201,019,772
<b>Total revenues</b>	<b>9,898,393,872</b>	<b>302,625,900</b>	<b>10,201,019,772</b>
<b>Operating result</b>			
<b>Segment profit (loss)</b>	(7,118,805,331)	115,980,025	(7,002,825,306)
Other income			1,877,553,910
Other expenses			(1,164,774,147)
Finance income			21,685,848
Finance costs			(1,352,671,420)
<b>Loss before income tax</b>			<b>(7,621,031,115)</b>
Income tax revenue			979,591,587
<b>Loss for the period</b>			<b>(6,641,439,528)</b>

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
<b>For the nine-month period ended 30 September 2019</b>			
<b>Revenues</b>			
Revenues from sales and services	29,339,381,908	843,685,740	30,183,067,648
<b>Total revenues</b>	<b>29,339,381,908</b>	<b>843,685,740</b>	<b>30,183,067,648</b>
<b>Operating result</b>			
<b>Segment profit (loss)</b>	(1,210,407,845)	27,956,625	(1,182,451,220)
Other income			1,017,921,589
Finance income			17,633,299
Finance costs			(569,802,718)
<b>Loss before income tax</b>			<b>(716,699,050)</b>
Income tax expense			(20,172,533)
<b>Loss for the period</b>			<b>(736,871,583)</b>

## 20. Commitments and contingent liabilities

### 20.1 Building construction commitments

As at 30 September 2020, the Company had capital commitments of Baht 302 million (31 December 2019: Baht 601 million), relating to the construction of a project's building.

## 20.2 Aircraft maintenance service commitments

The Company has commitments under aircraft maintenance service agreements made with AirAsia Berhad and AirAsia (Mauritius) Limited, which are related companies, and other aircraft lessors. The Company agrees to pay aircraft maintenance service fees at the rates in USD currency stipulated in the agreements, which vary for each aircraft depending on flight hours and the age of the aircraft.

## 20.3 Other commitments

The Company had the future minimum lease payments in respect of short-term leases, insurance agreements and other service agreements as follows.

	(Unit: Baht)
	<u>30 September 2020</u>
Payable:	
In up to 1 year	182,475,353
In over 1 year and up to 5 years	<u>941,560</u>
Total	<u><u>183,416,913</u></u>

## 20.4 Guarantees

- As at 30 September 2020, the Company had guarantee obligations for pilot trainees' education loans from a bank for commercial pilot license courses amounting to Baht 14 million (31 December 2019: Baht 14 million) with the term of guarantees of 18 months from the start date of each loan agreement.
- The Company had commitments from letters of guarantee in respect of ground handling, technical support, purchases of aviation fuel and other flight operating activities including maintenance reserve fund in the ordinary course of business as follows.

	30 September 2020					31 December 2019				
	USD	SGD	INR	Baht	Others (equivalent to Thai Baht)	USD	SGD	INR	Baht	Others (equivalent to Thai Baht)
Guarantees relating to flight operating activities	0.63	1.81	81.82	8.90	10.09	0.97	1.81	81.82	8.90	12.22
Guarantees relating to maintenance reserve fund	47.54	-	-	-	-	57.44	-	-	-	-
Guarantees relating to purchases of aviation fuel	-	-	-	400.00	-	-	-	-	400.00	-
Bid bond guarantee	-	-	-	100.00	-	-	-	-	100.00	-
Total	<u>48.17</u>	<u>1.81</u>	<u>81.82</u>	<u>508.90</u>	<u>10.09</u>	<u>58.41</u>	<u>1.81</u>	<u>81.82</u>	<u>508.90</u>	<u>12.22</u>
Total equivalent to Thai Baht	<u>1,533.00</u>	<u>42.50</u>	<u>37.42</u>	<u>508.90</u>	<u>10.09</u>	<u>1,771.65</u>	<u>40.89</u>	<u>36.78</u>	<u>508.90</u>	<u>12.22</u>

**21. Fair value hierarchy**

As at 30 September 2020 and 31 December 2019, the Company had assets and liabilities in USD and Baht currencies that were measured at fair value using level 2 of input hierarchy as follows.

	(Unit: Baht)			
	30 September 2020		31 December 2019	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
<b>Assets measured or disclosed at fair value</b>				
Derivatives				
Fuel price swap agreements	-	-	324,848,638	-
Interest rate swap agreements	-	-	12,678,918	-
Foreign exchange forward contracts	14,255,689	-	-	-
<b>Liabilities measured or disclosed at fair value</b>				
Derivatives				
Fuel price swap agreements	1,092,279,016	-	41,436,708	-
Interest rate swap agreements	98,945,972	78,881,457	1,684,187	67,684,311
Foreign exchange forward contracts	164,797,520	-	448,174,777	-
Cross currency swap agreements	174,541,874	-	282,460,445	-
Long-term borrowings from financial institutions				
	-	3,248,746,437	-	4,639,479,315
Long-term debentures	-	3,001,621,476	-	4,151,962,496
Liabilities under lease agreements	31,919,604,068	757,720,867	-	-
Liabilities under finance lease agreements				
	-	-	5,197,954,251	6,295,659,416

During the current periods, there were no transfers within the fair value hierarchy.

**22. Reclassifications**

The Company reclassified certain amounts in the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2019 to conform to the current periods' classification, as follows.

	(Unit: Baht)			
	For the three-month period ended 30 September 2019		For the nine-month period ended 30 September 2019	
	As reclassified	As previously reported	As reclassified	As previously reported
Gain on exchange	-	-	-	271,231,936
Other income	237,995,689	242,323,052	1,017,921,589	764,322,952
Financial income	4,327,363	-	17,633,299	-

The reclassifications had no effect to previously reported loss or shareholders' equity.

**23. Event after the reporting period**

On 10 November 2020, the Board of Directors' meeting of the Company passed a resolution to approve the establishment of Asia Aviation Center Company Limited to be the academy institution of learning and competency development for aviation tourism and hospitality industries. The registered capital is Baht 10 million (1 million ordinary shares of Baht 10 each) and the Company has a 99.99% shareholding of that company.

**24. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2020.