Thai AirAsia Company Limited
Review report and interim financial information
For the three-month and six-month periods ended
30 June 2021

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EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ ป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

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 June 2021, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-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.

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Emphasis of Matter

I draw attention to Note 1.2 to the interim financial statements, the COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting various businesses and industries, specifically the tourism and hospitality 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. Therefore, the Company has had operating losses since 2019. The statement of financial position as at 30 June 2021 presented capital deficits and the Company's total current liabilities exceeded its total current assets by significant amount. This situation is expected to continue 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, through both the Company and its parent company, modify business plans, reduce costs and postpone repayments and expenses 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 financial statements have been prepared under the going concern basis. However, the success of partial financing plans and business plans of the Company and its parent company 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.

My conclusion is not modified in respect of this matter.

Kunlapee Piyawannasuth

Kunlapee Piyawannasuth
Certified Public Accountant (Thailand) No. 6137

EY Office Limited
Bangkok: 13 August 2021

A member firm of Ernst & Young Global Limited

Thai AirAsia Company Limited

Statement of financial position

As at 30 June 2021

(Unit: Baht)

	Note	30 June 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents	*3*	232,700,285	1,012,094,628
Trade and other receivables	*4*	266,416,452	284,060,444
Amounts due from related parties	*2*	863,603,848	815,118,031
Inventories		214,468,591	240,241,951
Current tax assets		18,694,099	18,311,405
Prepaid expenses		110,819,780	287,454,448
Derivative assets	*22*	6,641,469	-
Total current assets		1,713,344,524	2,657,280,907
Non-current assets			
Other non-current financial assets	*2*	884,988,732	906,142,425
Derivative assets	*22*	10,124,413	-
Investment in subsidiary	*5*	2,499,993	-
Aircraft maintenance reserves	*2, 6*	5,623,659,527	5,856,109,798
Property, aircraft, leasehold improvements and equipment	*7*	5,899,452,054	6,174,256,967
Right-of-use assets	*8*	26,624,014,203	28,527,345,483
Intangible assets	*9*	10,899,330	15,201,007
Investment property	*10*	151,000,822	-
Deferred tax assets		1,319,356,517	993,470,127
Total non-current assets		40,525,995,591	42,472,525,807
Total assets		42,239,340,115	45,129,806,714

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

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 30 June 2021

(Unit: Baht)

	Note	30 June 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings from financial institutions	*11*	1,383,375,824	1,000,000,000
Short-term borrowings from parent company	*2*	97,660,000	-
Trade payables		813,481,740	756,515,092
Other payables		390,412,039	291,884,529
Amounts due to related parties	*2*	4,556,633,296	3,060,172,759
Current portion of long-term borrowings from financial institutions	*12*	459,907,599	786,528,550
Current portion of long-term debentures	*13*	1,799,758,431	1,499,756,945
Current portion of liabilities under lease agreements	*2, 14*	7,829,487,069	6,025,973,794
Unearned income		2,431,066,260	2,372,595,240
Accrued expenses		1,948,312,081	1,717,436,071
Derivative liabilities	*22*	73,902,346	309,886,546
Total current liabilities		21,783,996,685	17,820,749,526
Non-current liabilities			
Long-term borrowings from financial institutions - net of current portion	*12*	3,599,117,087	3,073,256,587
Long-term debentures - net of current portion	*13*	999,006,660	1,598,378,032
Liabilities under lease agreements - net of current portion	*2, 14*	24,374,485,226	24,674,609,963
Provision for long-term employee benefits	*15*	915,293,517	849,328,766
Derivative liabilities	*22*	289,483,279	609,247,953
Total non-current liabilities		30,177,385,769	30,804,821,301
Total liabilities		51,961,382,454	48,625,570,827

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

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 30 June 2021

(Unit: Baht)

	30 June 2021	31 December 2020
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
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	(12,658,286,416)	(6,232,103,702)
Other components of shareholders' equity	(171,653,552)	(371,558,040)
Total shareholders' equity (capital deficits)	(9,722,042,339)	(3,495,764,113)
Total liabilities and shareholders' equity	42,239,340,115	45,129,806,714
	-	-

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 June 2021

(Unit: Baht)

	Note	2021	2020
Profit or loss:			
Revenues			
Revenues from sales and services		983,195,971	266,548,362
Other income	*16*	96,730,978	1,954,492,131
Total revenues		1,079,926,949	2,221,040,493
Expenses			
Cost of sales and services		2,733,533,920	3,520,086,017
Selling and distribution expenses		57,644,436	123,835,643
Administrative expenses		257,567,977	208,183,593
Other expenses	*17*	791,029,220	169,617,128
Total expenses		3,839,775,553	4,021,722,381
Loss from operating activities		(2,759,848,604)	(1,800,681,888)
Finance income		8,733,782	10,249,767
Finance costs		(424,845,182)	(391,020,262)
Loss before income tax revenue		(3,175,960,004)	(2,181,452,383)
Income tax revenue	*18*	140,863,281	105,804,589
Loss for the period		(3,035,096,723)	(2,075,647,794)
Other comprehensive income:			
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Gain on cash flow hedges - net of income tax		7,308,541	844,104,759
Net change in cost of cash flow hedges - net of income tax		(291,693)	20,672,198
Other comprehensive income for the period	*18*	7,016,848	864,776,957
Total comprehensive income for the period		(3,028,079,875)	(1,210,870,837)
Loss per share	*19*		
Basic loss per share		(69.68)	(47.66)
Number of ordinary shares (Share)		43,555,560	43,555,560

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Statement of comprehensive income

For the six-month period ended 30 June 2021

(Unit: Baht)

	Note	2021	2020
Profit or loss:			
Revenues			
Revenues from sales and services		2,129,703,280	8,079,160,993
Other income	*16*	300,993,931	1,596,166,586
Total revenues		2,430,697,211	9,675,327,579
Expenses			
Cost of sales and services		5,549,782,080	11,570,716,930
Selling and distribution expenses		116,206,789	445,364,362
Administrative expenses		504,135,414	508,667,539
Other expenses	*17*	2,228,030,480	321,814,586
Total expenses		8,398,154,763	12,846,563,417
Loss from operating activities		(5,967,457,552)	(3,171,235,838)
Finance income		38,132,409	18,223,172
Finance costs		(850,491,030)	(942,309,067)
Loss before income tax revenue		(6,779,816,173)	(4,095,321,733)
Income tax revenue	*18*	353,633,459	796,226,950
Loss for the period		(6,426,182,714)	(3,299,094,783)
Other comprehensive income:			
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Gain (loss) on cash flow hedges - net of income tax		200,585,409	(1,572,185,724)
Net change in cost of cash flow hedges - net of income tax		(680,921)	(169,427)
Other comprehensive income for the period	*18*	199,904,488	(1,572,355,151)
Total comprehensive income for the period		(6,226,278,226)	(4,871,449,934)
Loss per share	*19*		
Basic loss per share		(147.54)	(75.74)
Number of ordinary shares (Share)		43,555,560	43,555,560

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2021

(Unit: Baht)

					Other components of shareholders' equity			
					Other comprehensive income		Total other	Total
	Issued and paid-up	Premium on	Retained earnings (deficits)		Cash flow hedge	Cost of hedging	components of	shareholders' equity
	share capital	ordinary shares	Appropriated	Unappropriated	reserve	reserve	shareholders' equity	(capital deficits)
Balance as at 1 January 2020	435,555,600	2,628,786,469	43,555,560	2,486,616,747	(190,359,426)	(11,204,957)	(201,564,383)	5,392,949,993
Loss for the period	-	-	-	(3,299,094,783)	-	-	-	(3,299,094,783)
Other comprehensive income for the period	-	-	-	-	(1,572,185,724)	(169,427)	(1,572,355,151)	(1,572,355,151)
Total comprehensive income for the period	-	-	-	(3,299,094,783)	(1,572,185,724)	(169,427)	(1,572,355,151)	(4,871,449,934)
Balance as at 30 June 2020	435,555,600	2,628,786,469	43,555,560	(812,478,036)	(1,762,545,150)	(11,374,384)	(1,773,919,534)	521,500,059
Balance as at 1 January 2021	435,555,600	2,628,786,469	43,555,560	(6,232,103,702)	(377,926,536)	6,368,496	(371,558,040)	(3,495,764,113)
Loss for the period	-	-	-	(6,426,182,714)	-	-	-	(6,426,182,714)
Other comprehensive income for the period	-	-	-	-	200,585,409	(680,921)	199,904,488	199,904,488
Total comprehensive income for the period	-	-	-	(6,426,182,714)	200,585,409	(680,921)	199,904,488	(6,226,278,226)
Balance as at 30 June 2021	435,555,600	2,628,786,469	43,555,560	(12,658,286,416)	(177,341,127)	5,687,575	(171,653,552)	(9,722,042,339)

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement

For the six-month period ended 30 June 2021

(Unit: Baht)

	2021	2020
Cash flows from operating activities		
Loss before tax	(6,779,816,173)	(4,095,321,733)
Adjustments to reconcile loss before tax to		
net cash provided by (paid from) operating activities:		
Allowance for expected credit losses (reversal)	88,434,197	(4,506,575)
Depreciation and amortisation	2,372,345,963	3,398,696,975
Gain on disposals and write-off of aircraft,		
leasehold improvements and equipment	(67,046)	(1,331,618,753)
Long-term employee benefits expenses	79,825,115	75,862,754
(Gain) loss on derivatives	(237,589,354)	39,485,415
Unrealised loss on exchange	2,124,198,089	540,231,249
Interest income	(38,132,409)	(18,223,172)
Interest expenses	850,491,030	942,309,067
Loss from operating activities before changes		
in operating assets and liabilities	(1,540,310,588)	(453,084,773)
Operating assets (increase) decrease		
Trade and other receivables	12,816,374	326,165,367
Amounts due from related parties	(130,053,512)	1,425,644,445
Inventories	25,773,360	56,127,559
Prepaid expenses	176,634,668	(54,636,190)
Other non-current financial assets	27,231,706	(99,257,131)
Operating liabilities increase (decrease)		
Trade payables	53,253,663	(145,686,986)
Other payables	84,970,931	(721,480,180)
Amounts due to related parties	746,676,794	1,445,528,715
Unearned income	58,471,020	(1,707,098,472)
Accrued expenses	57,856,002	(846,319,152)
Provision for long-term employee benefits	(13,860,364)	-
Cash flows used in operating activities	(440,539,946)	(774,096,798)
Cash paid for income tax	(382,694)	(2,249,496)
Net cash flows used in operating activities	(440,922,640)	(776,346,294)

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement (continued)

For the six-month period ended 30 June 2021

(Unit: Baht)

	2021	2020
Cash flows from investing activities		
Payments for aircraft maintenance reserves	-	(508,929,105)
Payments for construction in process and leasehold improvements, and acquisitions of equipment	(102,422,115)	(321,691,082)
Acquisitions of intangible assets	-	(1,586,548)
Interest income	38,132,409	18,212,813
Proceeds from disposals of aircraft and equipment	87,375	13,372,037,030
Net cash flows from (used in) investing activities	(64,202,331)	12,558,043,108
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings from financial institutions	632,100,000	(150,000,000)
Net increase in short-term borrowings from parent company	97,660,000	-
Proceeds from long-term borrowing from financial institution	-	264,000,000
Repayments of long-term borrowings from financial institutions	(50,837,374)	(1,040,072,325)
Payments for early termination of long-term borrowings	-	(1,180,023,438)
Repayments of long-term debentures	(300,000,000)	(1,000,000,000)
Cash paid for liabilities under lease agreements	(304,972,431)	(2,688,963,327)
Payments for early termination of lease agreements	-	(7,084,712,129)
Interest paid	(355,407,224)	(92,221,777)
Net cash flows used in financing activities	(281,457,029)	(12,971,992,996)
Net decrease in cash and cash equivalents	(786,582,000)	(1,190,296,182)
Cash and cash equivalents at beginning of the period	1,012,094,628	3,889,580,945
Unrealised exchange gain on cash and cash equivalents	7,187,657	39,287,448
Cash and cash equivalents at end of the period (Note 3)	232,700,285	2,738,572,211
	-	
Non-cash items:		
Increase in share payable	2,499,993	-
Increase in other payables from acquisitions of equipment	9,880,532	53,430,796
Borrowing costs capitalised as assets	10,273,895	-
Transfer of property, aircraft, leasehold improvements and equipment to investment property	151,488,737	-
Transfer of right-of-use assets to property, aircraft, leasehold improvements and equipment	-	9,356,046,615
Increase in right-of-use assets and liabilities under lease agreements from new lease agreements	-	7,653,094,627
Increase in right-of-use assets and liabilities under lease agreements from lease remeasurements	6,501,766	-
Decrease in right-of-use assets and liabilities under lease agreements from reduction in lease payments by lessor	20,599,335	14,444,356
Extension of borrowing period from short-term to long-term	250,000,000	300,000,000
Transfer of lease liabilities to amounts due to related parties	749,783,743	-

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 six-month periods ended 30 June 2021

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.

On 26 April 2021, the Board of Directors' Meeting of the Company and parent company passed resolutions approving significant details as summarised below:

1. Approved the Company's capital and business restructuring plan as detailed below:
    1) A loan provided by a new investor to the Company up to a maximum of Baht 3,150 million, with no interest charged thereon in the form of convertible loan agreement or convertible bonds. The investor shall be able to exercise a right to convert the loan agreement or bonds into ordinary shares of Thai AirAsia within the agreed period and at the agreed price.
    2) Implementing plans to list Thai AirAsia on the Stock Exchange of Thailand on behalf of Asia Aviation Public Company Limited, the parent company.
    3) The partial conversion of the Company's liabilities to decrease debts in cases where Thai AirAsia's listing process on the Stock Exchange of Thailand succeeds is to convert all debts up to a maximum of Baht 3,900 million to capital. The Company is currently negotiating with the major creditor, i.e. AirAsia Investment Limited, on proper procedures.
    4) The change of the Company's par value from Baht 10 to Baht 0.50 per share for the purpose of listing on the Stock Exchange of Thailand.
2. Approved the issuance and offering of newly-issued shares of the Company to the executive, namely Mr. Tassapon Bijleveld, in the amount of not exceeding 45,000,000 shares, with a par value of Baht 0.50 per share, representing no more than 3.3 percent of the Company's total paid-up shares after capital increase at a price of Baht 20.3925 per share. The offering period is for 3 years from the date the Company is listed on the Stock Exchange of Thailand.

Subsequently, the Company received further feedback in relation to the proposed restructuring plan from relevant regulatory authorities. Currently, the Company is in the process of making revisions to the restructuring plan. Afterwards, the restructuring plan and the issuance and offering of newly-issued ordinary shares of the executive are to be proposed for consideration and approval by extraordinary general meetings of shareholders of the Company and the parent company.

1.2 Coronavirus disease 2019 (COVID-19) Pandemic

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting various businesses and industries, specifically the tourism and hospitality 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. Therefore, the Company has had operating losses since 2019. The statement of financial position as at 30 June 2021 presented capital deficits and the Company's total current liabilities exceeded its total current assets by significant amount. This situation is expected to continue 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, through both the Company and its parent company, modify business plans, reduce costs and postpone repayments and expenses 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 financial statements have been prepared under the going concern basis. However, the success of partial financing plans and business plans of the Company and its parent company 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.

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, 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.

The Company does not present interim consolidated financial statements since the interim consolidated financial statements of the group are prepared by Asia Aviation Public Company Limited (the parent company) which is in accordance with Thai Financial Reporting Standard No.10 Consolidated 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 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

However, the Company has adopted the temporary exemptions from applying specific hedge accounting requirements in accordance with TFRS 9 Financial Instruments and TFRS 7 Disclosure of Financial Instruments, which apply to all hedging relationships directly affected by interest rate benchmark reform. Consequently, the Company can continue to apply hedge accounting for those hedging relationships in the period when there is uncertainty about the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

The adoption of these temporary exemptions does not have any significant impact on the Company's financial statements.

b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

1.5 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 2020 except the adoption of the temporary exemptions from applying specific hedge accounting requirements as described in Note 1.4 a. and investment property as below.

Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment property is calculated by reference to their costs on the straight-line basis over estimated useful life of 29 years. Depreciation of the investment property is included in determining income.

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

2. 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 June	
	2021	2020
Transactions with the parent company		
Management expenses	7	7
Transactions with related companies		
Engineering service income	9	2
Other administrative income	3	2
Other service income	-	1
Commission from loyalty program to customers	2	3
Revenues from freight and cargo	46	6
Share of loss from fuel price swap agreements	-	638
Aircraft and aircraft engines rental	348	462
Aircraft repair and maintenance	105	138
Purchases of merchandises and equipment	-	1
Management expenses	23	4
Allocated staff cost and other service expenses	120	15
Brand license fee expenses	-	6

Booking fee expenses	-	1
Marketing fund expenses	-	3
Service fee expenses	35	2
Expenses for loyalty program to customers	2	3
Ground handling service expenses	20	-
Conference room and other service expenses	-	1

(Unit: Million Baht)

	For the six-month periods ended 30 June	
	2021	2020
Transactions with the parent company		
Management expenses	13	13
Transactions with related companies		
Engineering service income	14	28
Ground handling service income	-	8
Other administrative income	7	12
Other service income	-	5
Commission from loyalty program to customers	5	22
Revenues from freight and cargo	93	77
Share of loss from fuel price swap agreements	55	890
Aircraft and aircraft engines rental	716	905
Aircraft repair and maintenance	223	535
Purchases of merchandises and equipment	-	5
Management expenses	45	8
Allocated staff cost and other service expenses	231	24
Brand license fee expenses	-	135
Booking fee expenses	-	32
Marketing fund expenses	-	45
Service fee expenses	77	2
Expenses for loyalty program to customers	5	22
Ground handling service expenses	45	16
Security expenses	-	3
Conference room and other service expenses	-	1

As at 30 June 2021 and 31 December 2020, the outstanding balances between the Company and those related parties are as follows.

(Unit: Baht)

	30 June 2021	31 December 2020
Receivables - related parties		
Related companies (common shareholders and/or directors)	1,059,632,635	929,579,123
Less: Allowance for expected credit losses	(196,028,787)	(114,461,092)
Total receivables - related parties - net	863,603,848	815,118,031
Other non-current financial assets - related parties		
Deposits for lease of aircraft and aircraft engines		
Related company (common shareholders and directors)	235,767,938	215,776,921
Deposits for fuel price swap agreements		
Related company (common shareholders and directors)	15,942,350	14,933,700
Other deposits		
Related company (common directors)	20,000,000	20,000,000
Total	271,710,288	250,710,621
Aircraft maintenance reserves - related party		
Related company (common shareholders and directors)	5,623,659,527	5,856,109,798
Total	5,623,659,527	5,856,109,798
Payables - related parties		
Parent company	6,687,500	-
Related companies (common shareholders and/or directors)	4,549,945,796	3,060,172,759
Total	4,556,633,296	3,060,172,759
Lease liabilities - related party		
Related company (common shareholders and directors)	2,287,454,492	2,763,814,050
Total	2,287,454,492	2,763,814,050

Short-term borrowings from parent company

(Unit: Baht)

Borrowings from parent company	Balance as at 1 January 2021	Increase during the period	Decrease during the period	Balance as at 30 June 2021
Asia Aviation Public Company Limited	-	98,000,000	(340,000)	97,660,000
Total	-	98,000,000	(340,000)	97,660,000

Short-term borrowings from parent company is in the form of promissory notes, are unsecured loans with fixed interest rate at 7.25% p.a. and payable at call or when the borrower has sufficient cash flow.

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2021 and 2020, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Baht)

	For the three-month periods ended 30 June	
	2021	2020
Short-term employee benefits	18,610,252	15,289,570
Post-employment benefits	1,398,456	1,960,260
Total	20,008,708	17,249,830

(Unit: Baht)

	For the six-month periods ended 30 June	
	2021	2020
Short-term employee benefits	33,494,899	42,709,945
Post-employment benefits	2,986,154	3,920,522
Total	36,481,053	46,630,467

3. Cash and cash equivalents

(Unit: Baht)

	30 June 2021	31 December 2020
Cash	4,934,044	7,133,525
Bank deposits	227,766,241	887,997,046
Bank deposit held for short-term payment	-	116,964,057
Total	232,700,285	1,012,094,628

Bank deposit held for short-term payment represents a portion of the savings deposit that the Company has set aside for the payment of fuel costs to a local private company.

4. Trade and other receivables

(Unit: Baht)

	30 June 2021	31 December 2020
Trade receivables		
Aged on the basis of due dates		
Not yet due	12,298,043	28,964,233
Past due		
Up to 3 months	10,184,406	27,522,547
3 - 6 months	940,144	1,857,266
6 - 12 months	1,813,394	39,522,776
Over 12 months	45,313,643	25,834,501
Total	70,549,630	123,701,323
Less: Allowance for expected credit losses	(46,125,819)	(39,499,618)
Total trade receivables - net	24,423,811	84,201,705
Other receivables		
Aircraft maintenance claimable	133,226,894	116,246,482
Value added tax refundable	118,676,177	92,681,172
Others	28,125,296	28,726,510
Total	280,028,367	237,654,164
Less: Allowance for expected credit losses	(38,035,726)	(37,795,425)
Total other receivables	241,992,641	199,858,739
Total trade and other receivables	266,416,452	284,060,444

5. Investment in subsidiary

Investment in subsidiary is as follows.

(Unit: Baht)

	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
Company's name	2021	2020	2021	2020	2021	2020
			(%)	(%)		
Asia Aviation Center Co., Ltd.	2,500,000	-	99.99	-	2,499,993	-

On 27 January 2021, Asia Aviation Center Co., Ltd. was registered with the Ministry of Commerce 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.

6. Aircraft maintenance reserves

Movements of the aircraft maintenance reserves account during the six-month period ended 30 June 2021 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2021	5,856,109,798
Amortisation	(232,450,271)
Net book value as at 30 June 2021	5,623,659,527

7. Property, aircraft, leasehold improvements and equipment

Movements of the property, aircraft, leasehold improvements and equipment account during the six-month period ended 30 June 2021 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2021	6,174,256,967
Acquisitions - at cost	112,302,647
Borrowing costs capitalised as asset	10,273,895
Disposals/write-off - net book value as at disposed/written-off date	(20,329)
Transfer to investment property - net book value as at transfer date	(151,488,737)
Depreciation	(245,872,389)
Net book value as at 30 June 2021	5,899,452,054

As at 30 June 2021, the Company has mortgaged its land and building constructed thereon and pledged its 4 aircraft (31 December 2020: land and building constructed thereon and 2 aircraft) with net book value amounting to approximately Baht 3,865 million (31 December 2020: Baht 2,263 million) as collateral against credit facilities received from financial institutions as described in Note 12.

8. Right-of-use assets

Movement of right-of-use assets account during the six-month period ended 30 June 2021 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2021	28,527,345,483
Increase from lease remeasurements	6,501,766
Reduction in lease payments by lessors resulting from the COVID-19 situation	(20,599,335)
Depreciation	(1,889,233,711)
Net book value as at 30 June 2021	26,624,014,203

9. Intangible assets

Movements of intangible assets account during the six-month period ended 30 June 2021 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2021	15,201,007
Amortisation	(4,301,677)
Net book value as at 30 June 2021	10,899,330

10. Investment property

Movements of investment property account during the six-month period ended 30 June 2021 are summarised below.

	(Unit: Baht)
Net book value as at 1 January 2021	-
Transfer from property, aircraft, leasehold improvements - net book value as at transfer date	151,488,737
Depreciation	(487,915)
Net book value as at 30 June 2021	151,000,822

As at 30 June 2021, the Company has mortgaged its building with net book value amounting to approximately Baht 151 million (31 December 2020: Nil) as collateral against credit facilities received from financial institutions as described in Note 12.

11. Short-term borrowings from financial institutions

As at 30 June 2021, short-term borrowings from financial institutions were in the form of promissory notes and carried fixed interest at rates between 2.50 and 7.25 percent per annum (31 December 2020: between 2.00 and 2.85 percent per annum).

12. Long-term borrowings from financial institutions

		(Unit: Baht)
	30 June 2021	31 December 2020
Current portion of long-term borrowings from financial institutions	460,061,445	786,682,396
Less: Front end fee	(153,846)	(153,846)
Total current portion of long-term borrowings - net	459,907,599	786,528,550
Long-term borrowings from financial institutions - net of current portion	3,600,104,267	3,074,320,690
Less: Front end fee	(987,180)	(1,064,103)
Total non-current portion of long-term borrowings - net	3,599,117,087	3,073,256,587
Total long-term borrowings from financial institutions	4,059,024,686	3,859,785,137

As at 30 June 2021 and 31 December 2020, the long-term borrowings are secured by the mortgages of the Company's land and building constructed thereon and the pledges of the Company's aircraft as described in Note 7 and Note 10.

Movements of long-term borrowings from financial institutions account during the six-month period ended 30 June 2021 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2021	3,859,785,137
Increase from extension of loan repayment period	250,000,000
Amortisation of front end fee	76,923
Repayments of long-term borrowings	(50,837,374)
Balance as at 30 June 2021	4,059,024,686

On 23 March 2021, 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 July 2022, with the final payment to be made within July 2025. The loan agreement contains covenants which, among other things, require the Company to maintain a Debt-Service Coverage Ratio (DSCR) more than the rate prescribed in the agreement, the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and payment for outstanding debt in the last installment of the contract at the rate of at least 20% of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). A bank reviews this ratio on the annual financial statements.

On 24 May 2021, the Company entered into long-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 February 2026. The loan agreement contains covenants which, among other things, require the Company to maintain Net Interest-Bearing Debt-to-Equity Ratio not greater than the rate prescribed in the agreement. A bank reviews this ratio on a semi-annual and an annual basis.

On 22 June 2021, the Company entered into long-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 January 2022, with the final payment to be made within October 2028.

As at 30 June 2021, the loan agreement contains covenants which, among other things, require the Company to maintain. Banks review a Net Interest-Bearing Debt-to-Equity Ratio at the rate prescribed in the agreement on the annual financial statements and the interim financial information for the six-month period ended and review Debt-Service Coverage Ratio (DSCR) more than the rate prescribed in the agreement on the annual financial statements.

As at 30 June 2021, the Company was unable to comply with some of the covenants under the agreements for loans from a bank. However, the Company has already obtained waiver of the covenants from a bank before 30 June 2021.

13. Long-term debentures

(Unit: Baht)

	30 June 2021	31 December 2020
Current portion of long-term debentures	1,800,000,000	1,500,000,000
Less: Front-end fee	(241,569)	(243,055)
Total current portion of long-term debentures - net	1,799,758,431	1,499,756,945
Long-term debentures - net of current portion	1,000,000,000	1,600,000,000
Less: Front-end fee	(993,340)	(1,621,968)
Total non-current portion of long-term debentures - net	999,006,660	1,598,378,032
Total long-term debentures	2,798,765,091	3,098,134,977

Long-term debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 30 June 2021 amounted to Baht 1,446 million, excluding the below extended Baht 1,200 million tranche of debenture which had no stated fair value of debentures from quoted market prices of the Thai Bond Market Association (31 December 2020: Baht 3,007 million).

Movements of long-term debentures account during the six-month period ended 30 June 2021 are summarised below.

(Unit: Baht)

Balance as at 1 January 2021	3,098,134,977
Amortisation of front-end fee	630,114
Repayments of long-term debenture	(300,000,000)
Balance as at 30 June 2021	2,798,765,091

On 23 February 2021, the Board of Directors' Meeting No. 1/2021 of the Company approved the following proposal to amend the terms and conditions of the Debentures of the Company No. 1/2018 with a principal of Baht 1,500 million (1.5 million units, Baht 1,000 each), which matured on 26 June 2021, as detailed below:

1. An extension of the maturity date for 10 months from 26 June 2021 to 26 April 2022, which shall not constitute an event of default.
2. A partial upfront redemption payment of 20 percent on the existing maturity date, 26 June 2021. After payment of the redemption, the debenture principal amount will be reduced to Baht 800 per unit.

3. An increase in the coupon rate from 2.56 percent per annum to 6.75 percent per annum starting from 26 June 2021 until the new maturity date.

On 7 May 2021, the Bondholders' meeting of the Company approved the abovementioned amended terms and conditions. Subsequently, on 26 June 2021, the Company made an upfront redemption equivalent to 20 percent of the outstanding principal or Baht 300 million.

14. Liabilities under lease agreements

(Unit: Baht)

	30 June 2021	31 December 2020
Liabilities under lease agreements	36,265,294,817	34,884,759,523
Less: Deferred interest expenses	(4,061,322,522)	(4,184,175,766)
Total	32,203,972,295	30,700,583,757
Less: Portion due within one year	(7,829,487,069)	(6,025,973,794)
Liabilities under lease agreements - net of current portion	24,374,485,226	24,674,609,963

Movements of liabilities under lease agreements account during the six-month period ended 30 June 2021 are summarised below.

(Unit: Baht)

Balance as at 1 January 2021	30,700,583,757
Reduction in lease payments by lessors resulting from the COVID-19 situation	(20,599,335)
Transfer to amounts due to related parties	(749,783,743)
Repayments for liabilities under lease agreements during the period	(304,972,431)
Increase from lease remeasurements	6,501,766
Accretion of interest	576,057,995
Impact of exchange rate difference	1,996,184,286
Balance as at 30 June 2021	32,203,972,295

An aircraft lease agreement requires the Company's ability to maintain compliance with the financial covenants as specified in the agreement such as Debt-to-Equity Ratio an annual basis.

15. Provision for long-term employee benefits

Movements of provision for long-term employee benefits account during the six-month period ended 30 June 2021 are summarised below.

(Unit: Baht)

Balance as at 1 January 2021	849,328,766
Increase during the period	79,825,115
Utilised	(13,860,364)
Balance as at 30 June 2021	915,293,517

16. Other income

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2021	2020	2021	2020
Gain on disposals and write-off of aircraft, leasehold improvements and equipment	67,046	-	67,046	1,331,618,753
Gain on exchange	-	1,814,482,985	-	-
Gain on derivatives	66,090,136	-	237,589,354	-
Others	30,573,796	140,009,146	63,337,531	264,547,833
Total	96,730,978	1,954,492,131	300,993,931	1,596,166,586

17. Other expenses

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2021	2020	2021	2020
Loss on exchange	733,501,978	-	2,120,531,568	282,329,171
Loss on expected credit losses	56,529,523	-	88,434,197	-
Loss on derivatives	-	169,617,128	-	39,485,415
Others	997,719	-	19,064,715	-
Total	791,029,220	169,617,128	2,228,030,480	321,814,586

18. 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 six-month periods ended 30 June 2021 and 2020 are made up as follows.

(Unit: Baht)

	For the three-month periods ended 30 June	
	2021	2020
Current income tax:		
Interim corporate income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	140,863,281	105,804,589
Income tax revenue reported in profit or loss	140,863,281	105,804,589
Income tax expense included in other comprehensive income	(7,794,109)	(216,194,239)

(Unit: Baht)

	For the six-month periods ended 30 June	
	2021	2020
Current income tax:		
Interim corporate income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	353,633,459	796,226,950
Income tax revenue reported in profit or loss	353,633,459	796,226,950
Income tax revenue (expense) included in other comprehensive income	(27,747,069)	393,088,788

19. 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.

20. Segment information

The Company is organised into business units. During the current period, 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 six-month periods ended 30 June 2021 and 2020 are as follows.

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
For the three-month period ended 30 June 2021			
Revenues			
Revenues from sales and services	981,177,280	2,018,691	983,195,971
Total revenues	981,177,280	2,018,691	983,195,971
Operating result			
Segment loss	(2,058,368,291)	(7,182,071)	(2,065,550,362)
Other income			96,730,978
Other expenses			(791,029,220)
Finance income			8,733,782
Finance costs			(424,845,182)
Loss before income tax			(3,175,960,004)
Income tax revenue			140,863,281
Loss for the period			(3,035,096,723)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
For the three-month period ended 30 June 2020			
Revenues			
Revenues from sales and services	236,695,941	29,852,421	266,548,362
Total revenues	236,695,941	29,852,421	266,548,362
Operating result			
Segment loss	(2,984,918,380)	(600,638,511)	(3,585,556,891)
Other income			1,954,492,131
Other expenses			(169,617,128)
Finance income			10,249,767
Finance costs			(391,020,262)
Loss before income tax			(2,181,452,383)
Income tax revenue			105,804,589
Loss for the period			(2,075,647,794)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
For the six-month period ended 30 June 2021			
Revenues			
Revenues from sales and services	2,123,368,588	6,334,692	2,129,703,280
Total revenues	2,123,368,588	6,334,692	2,129,703,280
Operating result			
Segment loss	(4,028,174,191)	(12,246,812)	(4,040,421,003)
Other income			300,993,931
Other expenses			(2,228,030,480)
Finance income			38,132,409
Finance costs			(850,491,030)
Loss before income tax			(6,779,816,173)
Income tax revenue			353,633,459
Loss for the period			(6,426,182,714)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
For the six-month period ended 30 June 2020			
Revenues			
Revenues from sales and services	7,798,909,204	280,251,789	8,079,160,993
Total revenues	7,798,909,204	280,251,789	8,079,160,993
Operating result			
Segment loss	(3,940,913,766)	(504,674,072)	(4,445,587,838)
Other income			1,596,166,586
Other expenses			(321,814,586)
Finance income			18,223,172
Finance costs			(942,309,067)
Loss before income tax			(4,095,321,733)
Income tax revenue			796,226,950
Loss for the period			(3,299,094,783)

21. Commitments and contingent liabilities

21.1 Building construction commitments

As at 30 June 2021, the Company had capital commitments of Baht 84 million (31 December 2020: Baht 156 million), relating to the construction and decoration of a project's building.

21.2 Aircraft maintenance service commitments

As at 30 June 2021 and 31 December 2020, the Company had 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.

21.3 Service commitments

As at 30 June 2021, the Company had significant service commitments as follows.

1) The Company had commitments from using human resource, legal and other services rendered by AirAsia SEA Limited which is a related company. The Company was to pay the fees at the agreed rates. During the six-month period ended 30 June 2021, the fees under this agreement amounted to Baht 231 million.

2) The Company had a commitment from using marketing, booking system and other services rendered by AirAsia Com Travel Sdn. Bhd., which is a related company. The Company was to pay the fees depending on the rates stipulated in the agreements. During the six-month period ended 30 June 2021, the fees under this agreement amounted to Baht 76 million.

21.4 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)

	30 June 2021
Payable:	
In up to 1 year	185,178,875
In over 1 year and up to 5 years	5,023,165
Total	190,202,040

21.5 Guarantees

1) As at 30 June 2021, 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 2020: Baht 14 million) with the term of guarantees of 18 months from the start date of each loan agreement.

2) 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.

(Unit: Million)

	30 June 2021				31 December 2020			
	USD	SGD	INR	Baht	USD	SGD	INR	Baht
Guarantees relating to flight operating activities	0.14	1.04	81.82	15.92	0.72	1.04	81.82	14.99
Guarantees relating to maintenance reserve fund	46.28	-	-	-	47.54	-	-	-
Total	46.42	1.04	81.82	15.92	48.26	1.04	81.82	14.99
Total equivalent to Thai Baht	1,495.62	25.18	37.38	15.92	1,457.64	23.94	35.66	14.99

21.6 Litigations

As 30 June 2021, the Company was served with summons and copies of complaints in 16 civil lawsuits over termination and breach of contract, whereby the Company was required to pay a compensation amounting to Baht 6 million. Currently, the court proceedings are at a preliminary stage. However, the Company's management believed that all the evidence available will enable it to dispute the claims.

22. Fair value hierarchy

As at 30 June 2021 and 31 December 2020, the Company had financial assets and financial liabilities in USD and Baht currencies that were measured or disclosed at fair value using level 2 of input hierarchy as follows.

(Unit: Baht)

30 June 2021	31 December 2020

	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	16,765,882	-	-	-
Financial liabilities measured or disclosed fair value				
Derivatives				
Fuel price swap agreements	-	-	175,109,193	-
Interest rate swap agreements	58,125,166	56,516,026	83,004,185	75,867,711
Foreign exchange forward contracts	123,523,062	-	320,025,966	-
Cross currency swap agreements	125,221,371	-	265,127,444	-
Long-term borrowings from financial institutions	-	4,059,024,686	-	3,859,785,137
Long-term debentures	-	1,445,952,024 *	-	3,006,584,061

* Excluded extended Baht 1,200 million tranche of debenture which had no stated fair value of debentures from quoted market prices of the Thai Bond Market Association, as discussed in Note 13.

During the current period, there were no changes in the methods and the assumptions used to estimate the fair value of financial instruments and there were no transfers within the fair value hierarchy.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 August 2021.