

Thai AirAsia Company Limited
Report and Financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Thai AirAsia Company Limited

Opinion

I have audited the accompanying financial statements of Thai AirAsia Company Limited (the Company), which comprise the statement of financial position as at 31 December 2023, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai AirAsia Company Limited as at 31 December 2023, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements, the COVID-19 pandemic in the past several years has resulted in an adverse impact on the tourism and hospitality industries. This directly affects the Company's aviation business. Despite the improvements in the COVID-19 situation, the total number of flights has yet to reach closed to the pre-pandemic levels.

This situation has significantly affected the Company's financial position, operating results, and cash flows. Therefore, the statement of financial position as at 31 December 2023 presented capital deficits and the Company's total current liabilities exceeded its total current assets by significant amount.

Currently, the management is in the process of implementing various measures to 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 business plans of the Company and its parent company depends on external factors. This indicates that there are material uncertainties which may raise substantial doubt about the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

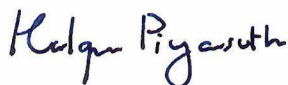
As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.



Kunlapee Piyawannasuth
Certified Public Accountant (Thailand) No. 6137

EY Office Limited
Bangkok: 22 February 2024

Thai AirAsia Company Limited**Statement of financial position****As at 31 December 2023**

(Unit: Thousand Baht)

	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	7	1,236,091	794,058
Trade and other receivables	8	1,195,429	848,917
Amounts due from related parties	6	6,330,827	2,539,743
Inventories		508,490	401,262
Current tax assets		6,321	5,595
Prepaid expenses		602,988	450,868
Other current financial assets	6	70,686	184,600
Derivative assets	36	15	874
Total current assets		9,950,847	5,225,917
Non-current assets			
Other non-current financial assets	6, 15	1,822,351	1,265,347
Derivative assets	36	-	583
Investment in subsidiary	9	2,500	2,500
Aircraft maintenance reserves	6, 10	1,763,622	2,687,676
Property, building, aircraft, leasehold improvements and equipment	11	4,083,415	4,185,034
Right-of-use assets	12	23,906,320	25,025,902
Intangible assets	13	1,786	3,467
Investment properties	14	503,374	514,261
Deferred tax assets	29	4,991,575	5,049,714
Total non-current assets		37,074,943	38,734,484
Total assets		47,025,790	43,960,401

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

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 31 December 2023

(Unit: Thousand Baht)

	Note	2023	2022
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings from financial institutions	16	1,250,000	750,000
Short-term debentures	17	-	742,934
Short-term borrowings from parent company	6	-	89,000
Trade payables		1,893,437	1,463,521
Other payables		274,646	392,276
Amounts due to related parties	6	1,813,221	1,468,793
Current portion of long-term borrowings from financial institutions	18	1,058,520	827,952
Current portion of long-term debentures	19	1,426,941	999,757
Current portion of liabilities under lease agreements	6, 20	5,788,942	6,331,068
Unearned income		4,972,046	4,020,496
Accrued expenses		6,614,104	4,867,348
Derivative liabilities	36	3,493	74,154
Total current liabilities		25,095,350	22,027,299
Non-current liabilities			
Long-term borrowings from financial institutions - net of current portion	18	2,252,364	2,560,339
Long-term debentures - net of current portion	19	2,673,461	1,417,798
Liabilities under lease agreements - net of current portion	6, 20	28,611,695	30,125,390
Provision for long-term employee benefits	21	820,936	732,794
Derivative liabilities	36	-	1,650
Total non-current liabilities		34,358,456	34,837,971
Total liabilities		59,453,806	56,865,270

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

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 31 December 2023

(Unit: Thousand Baht)

	Note	2023	2022
Shareholders' equity			
Share capital	22		
Registered			
96,796,952 ordinary shares of Baht 10 each (2022: 94,618,327 ordinary shares of Baht 10 each)		967,970	946,183
Issued and fully paid up			
96,796,952 ordinary shares of Baht 10 each (2022: 94,618,327 ordinary shares of Baht 10 each)		967,970	946,183
Premium on ordinary shares	22	12,018,159	12,018,159
Retained earnings (deficits)			
Appropriated - statutory reserve	23	43,556	43,556
Unappropriated		(25,457,701)	(25,912,767)
Total shareholders' equity (capital deficits)		(12,428,016)	(12,904,869)
Total liabilities and shareholders' equity		47,025,790	43,960,401
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The accompanying notes are an integral part of the financial statements.

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Directors

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Thai AirAsia Company Limited
Statement of comprehensive income
For the year ended 31 December 2023

(Unit: Thousand Baht, except earning per share expressed in Baht)

	Note	2023	2022
Profit or loss:			
Revenues			
Revenues from sales and services	24	41,241,460	17,553,287
Other income	25	1,707,926	736,214
Total revenues		<u>42,949,386</u>	<u>18,289,501</u>
Expenses			
Cost of sales and services		36,811,642	23,533,471
Selling and distribution expenses		1,932,821	678,426
Administrative expenses		1,036,307	1,000,778
Other expenses	27	386,974	1,521,856
Total expenses		<u>40,167,744</u>	<u>26,734,531</u>
Profit (loss) from operating activities		2,781,642	(8,445,030)
Finance income		32,724	28,388
Finance costs	28	(2,291,301)	(2,220,841)
Profit (loss) before income tax revenue (expense)		523,065	(10,637,483)
Income tax revenue (expense)	29	(60,111)	2,451,560
Profit (loss) for the year		<u>462,954</u>	<u>(8,185,923)</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified</i>			
<i>to profit or loss in subsequent periods:</i>			
Gain on cash flow hedges - net of income tax		-	115,899
Net change in cost of cash flow hedges - net of income tax	36	-	(5,025)
Other comprehensive income to be reclassified			
to profit or loss in subsequent period - net of income tax		-	110,874
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent periods</i>			
Actuarial gain (loss) - net of income tax	21	(7,888)	125,227
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods - net of income tax		(7,888)	125,227
Total other comprehensive income		<u>(7,888)</u>	<u>236,101</u>
Total comprehensive income for the year		<u>455,066</u>	<u>(7,949,822)</u>
Earnings (loss) per share	31		
Basic earnings (loss) per share		4.86	(90.36)
Weighted average number of ordinary shares (Thousand shares)		95,317	90,591

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

Thai AirAsia Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Thousand Baht)

	Other components of shareholders' equity							
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings (deficits)		Other comprehensive income		Total other components of shareholders' equity	Total shareholders' equity (capital deficits)
			Appropriated	Unappropriated	Cash flow hedge reserve	Cost of hedging reserve		
Balance as at 1 January 2022	636,713	6,327,629	43,556	(17,852,071)	(115,899)	5,025	(110,874)	(10,955,047)
Loss for the year	-	-	-	(8,185,923)	-	-	-	(8,185,923)
Other comprehensive income for the year	-	-	-	125,227	115,899	(5,025)	110,874	236,101
Total comprehensive income for the year	-	-	-	(8,060,696)	115,899	(5,025)	110,874	(7,949,822)
Issuance new ordinary shares (Note 22)	309,470	5,690,530	-	-	-	-	-	6,000,000
Balance as at 31 December 2022	<u>946,183</u>	<u>12,018,159</u>	<u>43,556</u>	<u>(25,912,767)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,904,869)</u>
Balance as at 1 January 2023	946,183	12,018,159	43,556	(25,912,767)	-	-	-	(12,904,869)
Profit for the year	-	-	-	462,954	-	-	-	462,954
Other comprehensive income for the year	-	-	-	(7,888)	-	-	-	(7,888)
Total comprehensive income for the year	-	-	-	455,066	-	-	-	455,066
Issuance new ordinary shares (Note 22)	21,787	-	-	-	-	-	-	21,787
Balance as at 31 December 2023	<u>967,970</u>	<u>12,018,159</u>	<u>43,556</u>	<u>(25,457,701)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,428,016)</u>

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

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Thai AirAsia Company Limited

Cash flow statement

For the year ended 31 December 2023

(Unit: Thousand Baht)

	2023	2022
Cash flows from operating activities		
Profit (loss) before tax	523,065	(10,637,483)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Allowance for expected credit losses and bad debts	386,974	21,901
Write-off tax asset	2,781	8,584
Depreciation and amortisation	4,992,375	6,114,053
(Gain) loss on disposal and write-off of aircraft spare parts, moter vehicle and equipment	(1,837)	46,580
Difference from lease termination	-	(422,907)
Long-term employee benefits expenses	85,376	117,031
(Gain) loss on derivatives	(70,870)	98,046
Unrealised (gain) loss on exchange	(490,390)	1,447,963
Finance income	(32,724)	(28,388)
Finance cost	2,291,301	2,220,841
Profit (loss) from operating activities before changes in operating assets and liabilities	7,686,051	(1,013,779)
Operating assets (increase) decrease		
Trade and other receivables	(395,336)	(309,589)
Amounts due from related parties	(4,079,958)	(1,437,770)
Inventories	(107,228)	(170,988)
Prepaid expenses	(152,120)	(356,024)
Other current financial assets	111,804	42,235
Other non-current financial assets	(84,067)	-
Operating liabilities increase (decrease)		
Trade payables	490,947	602,144
Other payables	(97,836)	(412,165)
Amounts due to related parties	86,860	(280,757)
Unearned income	891,135	1,621,330
Accrued expenses	1,922,206	2,403,265
Payment for long-term employee benefits	(7,095)	(10,142)
Cash flows from operating activities	6,265,363	677,760
Cash paid for income tax	(3,506)	(1,933)
Net cash flows from operating activities	6,261,857	675,827

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

Thai AirAsia Company Limited

Cash flow statement (continued)

For the year ended 31 December 2023

(Unit: Thousand Baht)

	2023	2022
Cash flows from investing activities		
Payments for aircraft maintenance reserves	(209,589)	(296,557)
Payment for deposit aircraft maintenances	(411,645)	-
Cash paid for building, aircraft, leasehold improvements, equipment and investment properties	(301,633)	(596,442)
Cash paid for intangible assets	(362)	-
Proceeds from disposals of aircraft spare parts, moter vehicle and equipment	21,837	4,292,209
Cash paid for right-of-use assets	(29,875)	(123,397)
Interest received	4,792	28,444
Net cash flows from (used in) investing activities	(926,475)	3,304,257
Cash flows from financing activities		
Net increase in short-term borrowings from financial institutions	500,000	-
Net increase (decrease) in short-term debentures	(750,000)	663,668
Net decrease in short-term borrowing from parent company	(89,000)	(2,361,000)
Proceeds from long-term borrowing from financial institution	750,000	30,000
Repayment of long-term borrowing from financial institution	(813,265)	(677,765)
Payment for front-end fee	(52,003)	-
Proceeds from long-term debenture	2,700,000	1,413,164
Repayments of long-term debenture	(1,000,000)	(1,800,000)
Payments for early termination of lease agreements	-	(1,739,928)
Cash paid for liabilities under lease agreements	(5,543,654)	(5,023,702)
Interest paid	(612,000)	(396,124)
Received cash from paid-up capital	21,787	6,000,000
Net cash flows used in financing activities	(4,888,135)	(3,891,687)
Net increase in cash and cash equivalents	447,247	88,397
Cash and cash equivalents at beginning of the year	794,058	711,044
Unrealised exchange loss on cash and cash equivalents	(5,214)	(5,383)
Cash and cash equivalents at end of the year (Note 7)	1,236,091	794,058

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

Thai AirAsia Company Limited**Cash flow statement (continued)****For the year ended 31 December 2023**

	(Unit: Thousand Baht)	
	2023	2022
Non-cash items:		
Decrease in trade payable from other non-current finance assets	2,445	-
Decrease in other payables from acquisitions of equipment	16,168	64,356
Increase in other payables from aircraft maintenance reserves	57,355	71,534
Increase in amounts due to related parties from aircraft maintenance reserves	128,532	-
Increase in accrued expense from front end fee	-	9,914
Transfer property, leasehold improvements and equipment to investment properties	232	-
Transfer of investment properties to property, leasehold improvements and equipment	-	18,718
Transfer right-of-use assets to aircraft	-	3,212,137
Decrease in right-of-use assets from early terminate	-	423,207
Increase in right-of-use assets and liabilities under lease agreements from new lease agreements	1,288,815	2,972,216
Increase in right-of-use assets and liabilities under lease agreement from lease measurement	908,761	682,628
Increase in right-of-use assets from new lease agreements	-	115,049
Transfer of deposits for lease of aircraft to right-of-use assets from new lease measurements	8,665	19,431
Transfer of deposits for lease of aircraft to right-of-use assets from lease remeasurement	24,363	15,117
Decrease in lease liabilities from early terminate	-	822,913
Decrease in lease liabilities from offsetting with amounts due to related parties	129,036	423,398

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

Thai AirAsia Company Limited
Notes to financial statements
For the year ended 31 December 2023

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. 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 2019 (COVID-19) Pandemic

The COVID-19 pandemic in the past several years has resulted in an adverse impact on the tourism and hospitality industries. This directly affects the Company's aviation business. Despite the improvements in the COVID-19 situation, the total number of flights has yet to reach closed to the pre-pandemic levels. This situation has significantly affected the Company's financial position, operating results, and cash flows. Therefore, the statement of financial position as at 31 December 2023 presented capital deficits and the Company's total current liabilities exceeded its total current assets by significant amount.

Currently, the management is the process of implementing various measures to 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 business plans of the Company and its parent company depends on external factors. This indicates that there are material uncertainties which may raise substantial doubt about the Company's ability to continue as a going concern.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies

The Company does not present consolidated financial statements since the 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.

3. New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2023. 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.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

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 2024. 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 believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Passenger service revenues and other related services

Passenger service revenues and other related services such as baggage handling fee, assigned seat revenue, cancellation and documentation revenue, processing fee and other fees are recognised upon the rendering of flight services. The value of seats sold and fees for which flight services have not been rendered is included in deferred revenues.

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restriction.

4.3 Inventories

Inventories comprising food, beverages and merchandise are valued at the lower of cost (under the weighted average method) and net realisable value.

Consumables used internally for aircraft repairs and maintenance are valued at the lower of cost (under the weighted average method) and net realisable value.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated cost necessary to make the sale. Allowance is made, as appropriate, for obsolete, slow moving or defective inventories.

4.4 Property, building, aircraft, leasehold improvement and equipment and depreciation

Land is stated at cost less allowance for loss on impairment (if any).

Building, aircraft, leasehold improvements and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Initial cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of comprehensive income during the financial period in which they are incurred.

The Company will transfer aircraft maintenance reserves to cost of aircraft and aircraft engines once the major overhaul occurred, and amortised as expenses over the useful life on the straight line basis. In case that next major repair and maintenance occurs before the previously capitalised amount is fully amortised, the remaining balance of previous repair and maintenance will be charged to profit or loss in the financial period which next major repair and maintenance incurred.

Depreciation of building, aircraft, leasehold improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building and building improvements	-	5 - 30 years
Aircraft and aircraft engines	-	5 - 25 years
Aircraft spare parts	-	5 and 10 years
Leasehold improvements	-	5 and 10 years
Computers	-	5 years
Furniture, fixture and office equipment	-	5 years
Operating equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

An item of property, building, aircraft, leasehold improvements and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.6 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives, which are computer software, have useful lives of 5 years.

No amortisation is provided on computer software under installation.

4.7 Investment properties

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

Depreciation of buildings classified as investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 to 29 years, and included in determining income. No depreciation is provided on land and buildings under construction.

On disposal of investment properties, 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.

4.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.9 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

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

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Aircraft and aircraft engines	4 - 25	years
Space	3 and 10	years
Motor vehicles	4 and 5	years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Group'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 change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Company as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.10 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, aircraft, leasehold improvement and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

4.13 Provisions

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

4.14 Income tax

Income tax represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets are derivatives, which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Company’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Recognition and derecognition of financial instruments

Regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e., the date on which an asset is delivered to or by the Company.

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

It is ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Derivatives and hedge accounting

The Company uses derivatives such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

For the purpose of hedge accounting, hedge is classified as cash flow hedges when hedging the exposure to a variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Company formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements, including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk is not the dominant factor in the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all of the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower (in absolute amounts) of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The way cash flow hedge reserve accumulated in other comprehensive income are subsequently accounted for, depends on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the reserve accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and is not recognised in other comprehensive income for the period. For any other cash flow hedges, the reserve accumulated in other comprehensive income is subsequently reclassified to profit or loss as a reclassification adjustment in the same period which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the cash flow hedge reserve accumulated in other comprehensive income must remain in equity if the hedged future cash flows are still expected to occur. Otherwise, the reserve will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, the way the reserve remaining in equity is accounted for depends on the nature of the underlying transaction as described above.

The Company designates only the financial instrument excluding the foreign currency basis spread as a hedging instrument. The change in fair value of the foreign currency basis spread of financial instrument that relates to the hedged item is separately accounted for as a cost of hedging which is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

If the hedged item is transaction-related, the cost of hedging reserve accumulated in other comprehensive income is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the reserve accumulated in other comprehensive income is reclassified to profit or loss on systematic and rational basis. The reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Company expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. **Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Company's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Leases

Determining the lease term with extension and termination options - The Company as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Company as a lessee

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Post-employment benefits under defined benefits and other long-term employee benefits

The obligation under the defined benefit plans and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

As at 31 December 2023, significant related persons and companies of the Company are summarised as below.

- Asia Aviation Public Company Limited, the parent company
- AirAsia Aviation Group Limited (the subsidiary of Capital A Berhad), the 40.71% (2022: 43.00%) held shareholder in the parent company
- Khun Tassapon Bijleveld (and the Bijleveld family), the major shareholder of the parent company, director, and management of the Company and its parent company.
- Directors and senior management of the Company and its parent company.

During the years, 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 years ended 31 December	
	2023	2022
Transactions with related companies		
Revenues from freight and cargo	194	68
Engineering service income	66	42
Aircraft repair and maintenance expenses	1,986	1,094
Commission expenses	1,246	563
Aircraft and aircraft engines rental expenses	857	1,578
Management expenses	585	100
Allocated staff cost and other service expenses	343	359
Booking fee expenses	134	73

As at 31 December 2023 and 2022, the outstanding balances between the Company and those related parties are as follows.

	(Unit: Thousand Baht)	
	2023	2022
Amounts due from related parties		
Related companies (common shareholders and/or directors)	6,447,369	2,838,372
Less: Allowance for expected credit losses	(116,542)	(298,629)
Total amounts due from related parties - net	<u>6,330,827</u>	<u>2,539,743</u>
Other current financial assets		
<i>Deposits for lease of aircraft</i>		
Related company (common shareholders and directors)	23,160	80,661
Total	<u>23,160</u>	<u>80,661</u>
Other non-current financial assets (Note 15)		
<i>Deposits for lease of aircraft</i>		
Related company (common shareholders and directors)	138,872	114,774
<i>Deposits for fuel price swap agreements</i>		
Related company (common shareholders and directors)	17,030	17,196
<i>Other deposits</i>		
Related company (common directors)	20,000	20,000
Total	<u>175,902</u>	<u>151,970</u>
Aircraft maintenance reserves (Note 10)		
Related companies (common shareholders and directors)	1,763,622	2,687,676
Total	<u>1,763,622</u>	<u>2,687,676</u>
Amounts due to related parties		
Parent company	74,067	46,823
Related companies (common shareholders and/ or directors)	1,739,154	1,421,970
Total	<u>1,813,221</u>	<u>1,468,793</u>
Lease liabilities (Note 20)		
Related parties (common shareholders and directors)	3,750,027	2,353,874
Total	<u>3,750,027</u>	<u>2,353,874</u>

Short-term borrowings from parent company

	(Unit: Thousand Baht)			
Borrowings from parent company	Balance as at 1 January 2023	Increase during the year	Decrease during the year	Balance as at 31 December 2023
Asia Aviation Public Company Limited	89,000	105,000	(194,000)	-
Total	<u>89,000</u>	<u>105,000</u>	<u>(194,000)</u>	<u>-</u>

Short-term borrowings from parent company are unsecured loans with fixed interest rate at 0.25 percent per annum, and payable at call or when the borrower has sufficient cash flow, which full repayment during 2023.

Directors and management's benefits

During the years ended 31 December 2023 and 2022, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	2023	2022
Short-term employee benefits	106,853	89,333
Post-employment benefits	6,642	3,828
Other long-term benefits	26	15
Total	113,521	93,176

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2023	2022
Cash	29,343	15,920
Bank deposits	864,453	368,488
Bank deposit held for short-term payment	342,295	409,650
Total	1,236,091	794,058

As at 31 December 2023, bank deposits in saving accounts and fixed deposits carried interests between 0.04 and 0.70 percent per annum (2022: between 0.04 and 0.35 percent per annum).

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.

8. Trade and other receivables

	(Unit: Thousand Baht)	
	2023	2022
<u>Trade receivables</u>		
Aged on the basis of due dates		
Not yet due	303,328	211,526
Past due		
Up to 3 months	12,229	23,989
3 - 6 months	17,206	21,575
6 - 12 months	18,089	10,787
Over 12 months	62,106	45,946
Total	412,958	313,823
Less: Allowance for expected credit losses	(73,322)	(51,839)
Total trade receivables - net	339,636	261,984

	(Unit: Thousand Baht)	
	2023	2022
<u>Other receivables</u>		
Aircraft maintenance claimable	657,916	415,374
Value added tax refundable	121,224	150,845
Others	137,059	64,917
Total	916,199	631,136
Less: Allowance for expected credit losses	(60,406)	(44,203)
Total other receivables - net	855,793	586,933
Total trade and other receivables - net	1,195,429	848,917

9. Investment in subsidiary

As at 31 December 2023 and 2022, details of investment in subsidiary is as follows:

	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
Company's name	2023	2022	2023	2022	2023	2022
			(%)	(%)		
Asia Aviation Center Co., Ltd.	2,500	2,500	99.99	99.99	2,500	2,500

10. Aircraft maintenance reserves

The Company had entered into aircraft maintenance services agreements with related companies. Under the agreements, the Company will make prepayments for the aircraft maintenance reserves based on the number of aircraft, number of engines and number of hours flown. These aircraft maintenance reserves are for future maintenance/overhaul deemed necessary to be performed once the aircraft reached certain engine hours/hours flown. Aircraft maintenance reserves will be transferred to aircraft upon actual overhaul occur or amortised over the estimated maintenance period for the lease aircraft.

Movements of the aircraft maintenance reserves account during the years 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	2023	2022
Net book value as at 1 January	2,687,676	4,958,624
Payment for aircraft maintenance reserves	338,121	-
Amortisation	(1,262,175)	(2,270,948)
Net book value as at 31 December	1,763,622	2,687,676

11. Property, building, aircraft, leasehold improvements and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvements	Aircraft and aircraft engines	Aircraft spare parts	Leasehold improvements	Computers	Furniture, fixtures and office equipment	Operating equipment	Motor vehicles	Assets under construction and installation	Total
Cost											
As at 1 January 2022	427,237	603,311	5,970,992	1,317,408	424,802	178,949	86,656	311,188	190,030	703	9,511,276
Additions	-	2,565	16,161	443,457	6,629	9,834	845	26,943	-	25,382	531,816
Disposals/write-off	-	(4,887)	(1,424,825)	(411,462)	(9,484)	(6,607)	(30)	(8,911)	-	(147)	(1,866,353)
Transfers	-	(12,815)	-	-	557	-	43	31,532	-	(599)	18,718
As at 31 December 2022	427,237	588,174	4,562,328	1,349,403	422,504	182,176	87,514	360,752	190,030	25,339	8,195,457
Additions	-	1,195	25,661	163,664	10,217	20,017	4,264	17,815	5,217	37,049	285,099
Disposals/write-off	-	-	-	(13,726)	(12)	(5,275)	(183)	(6,196)	(2,537)	-	(27,929)
Transfers in (out)	-	(241)	47,333	-	-	-	-	-	-	(47,333)	(241)
As at 31 December 2023	427,237	589,128	4,635,322	1,499,341	432,709	196,918	91,595	372,371	192,710	15,055	8,452,386
Accumulated Depreciation											
As at 1 January 2022	-	4,007	2,408,706	889,123	277,415	139,569	79,105	293,297	142,563	-	4,233,785
Depreciation for the year	-	26,828	183,538	96,216	34,014	12,860	4,633	21,318	21,883	-	401,290
Depreciation on disposals/write-off	-	-	(610,748)	(9)	(135)	(5,433)	(30)	(8,297)	-	-	(624,652)
As at 31 December 2022	-	30,835	1,981,496	985,330	311,294	146,996	83,708	306,318	164,446	-	4,010,423
Depreciation for the year	-	23,066	173,767	92,853	28,783	10,163	2,691	17,390	17,773	-	366,486
Depreciation on disposals/write-off	-	-	-	(49)	-	(2,650)	(164)	(2,529)	(2,537)	-	(7,929)
Transfers in (out)	-	(9)	-	-	-	-	-	-	-	-	(9)
As at 31 December 2023	-	53,892	2,155,263	1,078,134	340,077	154,509	86,235	321,179	179,682	-	4,368,971
Net book value											
As at 31 December 2022	427,237	557,339	2,580,832	364,073	111,210	35,180	3,806	54,434	25,584	25,339	4,185,034
As at 31 December 2023	427,237	535,236	2,480,059	421,207	92,632	42,409	5,360	51,192	13,028	15,055	4,083,415
Depreciation for the year											
2022 (Baht 327 million included in cost of sales and services, and the remaining balance in selling and distribution and administrative expenses)											401,290
2023 (Baht 306 million included in cost of sales and services, and the remaining balance in selling and distribution and administrative expenses)											366,486

As at 31 December 2023, certain items of leasehold improvements and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,159 million (2022: Baht 1,867 million).

As at 31 December 2023, the Company has mortgaged its land and building constructed thereon, equipment, vehicle and pledges of the Company's 3 aircraft and 2 engines (2022: land and buildings constructed thereon and 3 aircraft) with net book value amounting to Baht 3,390 million (2022: Baht 3,553 million) as collateral against credit facilities received from financial institutions as discussed in Note 18.

12. Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2023 and 2022 are summarised below:

(Unit: Thousand Baht)

	Aircrafts and aircraft engines	Space	Motor vehicles	Total
As at 1 January 2022	28,075,663	75,921	132,894	28,284,478
Increase from new lease agreements during the year	3,047,699	58,998	-	3,106,697
Increase from lease remeasurement	697,745	-	-	697,745
Decrease from early termination of lease agreements	(3,635,344)	-	-	(3,635,344)
Depreciation for the year	(3,338,406)	(38,965)	(50,303)	(3,427,674)
As at 31 December 2022	24,847,357	95,954	82,591	25,025,902
Increase from new lease agreements during the year	1,297,480	-	-	1,297,480
Increase from lease remeasurement	933,124	-	-	933,124
Depreciation for the year	(3,273,157)	(32,113)	(44,916)	(3,350,186)
As at 31 December 2023	23,804,804	63,841	37,675	23,906,320

13. Intangible assets

The net book value of intangible assets as at 31 December 2023 and 2022 is presented below.

	(Unit: Thousand Baht)
	Computer software
As at 31 December 2023	
Cost	81,441
Less: Accumulated amortisation	(79,655)
Net book value	<u>1,786</u>
As at 31 December 2022	
Cost	81,079
Less: Accumulated amortisation	(77,612)
Net book value	<u>3,467</u>

Reconciliations of the net book values of intangible assets for the years 2023 and 2022 are presented below.

	(Unit: Thousand Baht)	
	2023	2022
Net book value as at 1 January	3,467	6,686
Additions	362	-
Amortisation	(2,043)	(3,219)
Net book value as at 31 December	<u>1,786</u>	<u>3,467</u>

14. Investment properties

Reconciliations of the net book values of intangible assets for the years ended 31 December 2023 and 2022 are presented below.

	(Unit: Thousand Baht)	
	2023	2022
Net book value as at 1 January	514,261	543,632
Cost of asset decoration	366	270
Transfer from (to) property, aircraft, building, leasehold improvements - net book value as at transfer date	232	(18,718)
Depreciation	(11,485)	(10,923)
Net book value as at 31 December	<u>503,374</u>	<u>514,261</u>

The fair value of investment properties as at 31 December 2023 amounted to Baht 586 million (2022: Baht 586 million). The fair value has been determined based on valuation performed by an accredited independent valuer. The market prices of the land and building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

As at 31 December 2023, the Company has mortgaged its land and buildings constructed thereon with net book value amounting to approximately Baht 503 million (2022: Baht 514 million) as collateral against credit facilities received from financial institutions as described in Note 18.

The Company as a lessor

The Company entered into an operating lease agreement for investment properties consisting of building's spaces with a term of 14 years.

Future minimum lease payments required under non-cancellable operating lease agreements as at 31 December 2023 and 2022 are as follows.

	(Unit: Thousand Baht)	
	2023	2022
In up to 1 year	17,209	13,035
In over 1 year and up to 5 years	62,491	56,963
In over 5 years	135,573	151,346
Total	<u>215,273</u>	<u>221,344</u>

15. Other non-current financial assets

	(Unit: Thousand Baht)	
	2023	2022
Maintenance reserve fund	837,092	368,092
Aircraft and aircraft engine rental deposits - unrelated parties	527,441	523,173
Aircraft and aircraft engine rental deposits - related party	138,872	114,774
Rental deposits	86,629	78,888
Fuel deposits	62,097	25,237
Airport operation deposits	34,600	34,600
Fuel price swap deposits - related party	17,030	17,196
Other deposits	118,590	103,387
Total other non-current financial assets	<u>1,822,351</u>	<u>1,265,347</u>

16. Short-term borrowings from financial institutions

As at 31 December 2023, short-term borrowings from financial institutions were in the form of promissory notes and carried fixed interest and float interest at rates between 4.75 and 6.40 percent per annum. (2022: between 3.15 and 3.40 percent per annum).

17. Short-term debentures

During the year 2022, the Company issued short-term unsubordinated and unsecured debentures, total of 750,000 units at a price of Baht 1,000 each which carry interest at a rate of 6.00 percent per annum. There was no credit rating of these debentures. The Company fully paid for the principal amount of the short-term debenture on 2 October 2023.

18. Long-term borrowings from financial institutions

	(Unit: Thousand Baht)	
	2023	2022
Current portion of long-term borrowings from financial institutions	1,065,047	828,106
Less: deferred front-end fee	(6,527)	(154)
Net current portion of long-term borrowings	1,058,520	827,952
Long-term borrowings from financial institutions - net of current portion	2,260,889	2,561,095
Less: deferred front-end fee	(8,525)	(756)
Long-term borrowings - net of current portion	2,252,364	2,560,339
Total long-term borrowings from financial institutions	3,310,884	3,388,291

As at 31 December 2023 and 2022, the long-term borrowings are secured by the mortgages of the Company's land and buildings constructed thereon, equipment, vehicle and pledges of the Company's aircraft and engines (2022: Land and buildings constructed thereon and aircraft) as described in Note 11 and Note 14.

Movements of long-term borrowings from financial institutions account during the years 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	2023	2022
Balance as at 1 January	3,388,291	4,035,902
Borrowing during the year	750,000	30,000
Payment for front-end fee	(17,500)	-
Amortisation of front end fee	3,358	154
Repayment of borrowings	(813,265)	(677,765)
Balance as at 31 December	3,310,884	3,388,291

On 31 January 2022, the Company entered into an annotation to a long-term borrowing agreement to defer payment of some principal. Repayment of the deferred principal amounts is to begin from July 2021, with the final payment to be made within July 2025.

On 25 July 2022, the Company entered into amendments of agreements as follows.

- a) An amendment to a long-term borrowing agreement to defer repayment of principal. The repayment of the deferred principal is to begin from January 2023, with the final repayment to be made within February 2026.
- b) An amendment to a promissory note agreement to lower interest rate, whereby the Company was required to pay on a monthly basis and to fulfil the conditions stated in the agreement. If the Company fails to comply with the conditions, the Company need to pay interest at the original rate.

On 23 November 2022, the Company entered into an amendment of a long-term borrowing agreement to defer repayment of principal. The repayment of the deferred principal is to begin from April 2023, with the final repayment to be made within October 2029.

On 8 May 2023, the Company entered into a memorandum of understanding to amend a loan agreement. The purpose of the amendment was to revise the loan interest rate and alter the terms and conditions of loan interest payments.

On 26 June 2023, the Company entered into a long-term loan agreement with a financial institution to obtain a loan facility of Baht 1,000 million at a floating interest rate. As at 31 December 2023, a portion of long-term loan amounting to Baht 250 million has yet to be drawn down.

As of 31 December 2023, the Company had long-term borrowings from several local financial institutions with terms of 3 years and 8 years (2022: 2 years and 8 years). Principal repayments are scheduled in monthly installments and interest is charged at both fixed and floating rates of between 2.90 and 9.10 percent per annum (2022: between 2.75 and 6.15 percent per annum).

The borrowing agreement contains certain financial covenants relating to matters such as the maintenance of certain net interest bearing debt to equity ratio. As at 31 December 2023, 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 31 December 2023, hence, there is no reclassification of the outstanding balances of such long-term loans as at 31 December 2023.

19. Long-term debentures

As at 31 December 2023 and 2022, the outstanding balance of long-term debentures are summarised below.

No.	Series	Maturity date	No. of units (Million units)	Par value (Baht)	Interest rate		Term of interest payment		Book value	
					2023 (% p.a.)	2022 (% p.a.)	2023	2022	2023 (Thousand Baht)	2022 (Thousand Baht)
1/2018	2	Entirely redeemed on 26 June 2023 (5 years)	1.0	1,000	2.95	2.95	Semi-annual	Semi-annual	-	1,000,000
1/2022	1	Entirely redeemed on 30 June 2024 (2 years)	1.4	1,000	6.80	6.80	Quarter	Quarter	1,431,500	1,431,500
1/2023	1	Entirely redeemed on 27 April 2025 (2 years)	1.5	1,000	7.00	-	Quarter	-	1,500,000	-
2/2023	1	Entirely redeemed on 28 March 2026 (2.5 years)	1.2	1,000	6.90	-	Quarter	-	1,200,000	-
Total									4,131,500	2,431,500
Less: Deferred debenture issuing costs									(31,098)	(13,945)
Debenture - net									4,100,402	2,417,555

(Unit: Thousand Baht)

	2023	2022
Current portion of long-term debentures	1,431,500	1,000,000
Less: deferred front-end fee	(4,559)	(243)
Total current portion of long-term debentures - net	1,426,941	999,757
Long-term debentures - net of current portion	2,700,000	1,431,500
Less: deferred front-end fee	(26,539)	(13,702)
Total non-current portion of long-term debentures - net	2,673,461	1,417,798
Total long-term debentures	4,100,402	2,417,555

Long-term debentures are unsubordinated and secured by parent company in Baht currency with fixed interest rates. Their fair value as at 31 December 2023 amounted to Baht 4,147 million (2022: Baht 2,399 million).

Movements of long-term debentures account during the years 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	2023	2022
Balance as at 1 January	2,417,555	2,799,152
Issuance during the year	2,700,000	1,431,500
Repayment of long-term debentures	(1,000,000)	(1,800,000)
Payment for front end fee	(34,503)	(18,336)
Amortisation of front end fee	17,350	5,239
Balance as at 31 December	<u>4,100,402</u>	<u>2,417,555</u>

20. Liabilities under lease agreements

	(Unit: Thousand Baht)	
	2023	2022
Liabilities under lease agreements	42,287,262	45,599,890
Less: deferred interest expenses	(7,886,625)	(9,143,432)
Total	34,400,637	36,456,458
Less: portion due within one year	(5,788,942)	(6,331,068)
Liabilities under lease agreements - net of current portion	<u>28,611,695</u>	<u>30,125,390</u>

A maturity analysis of lease payments is disclosed in Note 36.2 under the liquidity risk.

Movements of liabilities under lease agreements account during the years ended 31 December 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	2023	2022
Balance as at 1 January	36,456,458	37,475,179
Increase from new lease agreements during the year	1,288,815	2,972,216
Increase from lease remeasurements	908,761	682,628
Repayments for liabilities under lease agreements during the year	(5,672,690)	(5,447,100)
Payments for early termination of lease agreements	-	(2,562,841)
Accretion of interest	1,738,832	1,815,354
Impact of exchange rate difference	(319,539)	1,521,022
Balance as at 31 December	<u>34,400,637</u>	<u>36,456,458</u>

In 2022, the Company early terminated 10 aircraft lease agreements which 4 aircraft lease agreements entered into aircraft sale and leaseback transactions.

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows.

(Unit: Thousand Baht)

	Compensations on employees' retirement		Other long-term employee benefits		Total	
	2023	2022	2023	2022	2023	2022
Provision for long-term employee benefits at beginning of year	603,267	655,934	129,527	126,505	732,794	782,439
Included in profit or loss:						
Current service costs	81,452	99,712	24,266	28,292	105,718	128,004
Interest costs	17,929	14,297	3,182	2,603	21,111	16,900
Actuarial (gain) loss arising from						
- Demographic assumptions change	-	-	260	5,730	260	5,730
- Financial assumptions changes	-	-	(257)	(4,281)	(257)	(4,281)
- Experience adjustments	-	-	(41,456)	(29,322)	(41,456)	(29,322)
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
- Demographic assumptions change	55,055	70,604	-	-	55,055	70,604
- Financial assumptions changes	(8,505)	(111,289)	-	-	(8,505)	(111,289)
- Experience adjustments	(36,689)	(115,849)	-	-	(36,689)	(115,849)
Benefits paid during the year	(7,095)	(10,142)	-	-	(7,095)	(10,142)
Provision for long-term employee benefits at end of year	705,414	603,267	115,522	129,527	820,936	732,794

The Company expects to pay Baht 48 million (2022: Baht 46 million) of long-term employee benefits during the next year.

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit is 13 years (2022: 13 years).

Significant actuarial assumptions are summarised below.

(Unit: % p.a.)

	2023	2022
Discount rate	2.94	2.84
Salary increase rate	4.00	4.00
Turnover rate	0.00 - 7.00	0.00 - 7.00

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2023 and 2022 are summarised below:

(Unit: Thousand Baht)

	2023		2022	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(84,088)	100,662	(71,202)	84,969
Salary increase rate	92,849	(78,866)	80,848	(68,609)
Turnover rate	(89,427)	75,664	(76,218)	66,612

22. Share capital

On 24 January 2022, the Extraordinary Shareholder's Meeting of the Company No.1/2022 passed a resolution to increase its registered share capital from Baht 637 million to Baht 946 million through the issuance of 30.95 million ordinary shares of Baht 193.88 per share with par value of Baht 10 each, total amounting to Baht 6,000 million. The Company was registered increase of its share capital with the Ministry of Commerce on 17 February 2022. The difference between fair value and par value of Baht 5,691 million was presented as share premium in the shareholder's equity.

On 30 August 2023, the Extraordinary Shareholder's Meeting of the Company No. 1/2023 passed a resolution to increase its registered share capital from Baht 946.18 million to Baht 967.97 million through the issuance of 2.18 million ordinary shares with par value of Baht 10 each, total amounting to Baht 21.79 million. The Company was registered increase of its share capital with the Ministry of Commerce on 5 September 2023.

23. Statutory reserve

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least 5 percent of its net profit each time the Company pays out a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve cannot be used for dividend payment.

24. Revenues from sales and services

Revenues from sales and services for the years 2023 and 2022 disaggregated by timing of revenue recognition and type of goods or services are summarised below.

(Unit: Thousand Baht)

	2023	2022
Revenue recognised over time		
Passenger service revenues	29,483,380	13,432,414
Baggage handling and other service fees	10,925,271	3,705,157
Freight revenues	193,975	97,135
Charter flight revenues	145,434	92,297
Advertising income	6,179	8,674
Revenue recognised at a point in time		
In-flight revenues	487,221	217,610
Total revenues from sales and services	41,241,460	17,553,287

25. Other income

	(Unit: Thousand Baht)	
	2023	2022
Gain on exchange rate	672,273	-
Unclaim airport charge	449,324	82,832
Gain on expired credit shell	279,195	2,479
Gain on derivatives	70,870	-
Gain from early termination of aircraft rental agreements	-	422,907
Others	236,264	227,996
Total	1,707,926	736,214

26. Expenses by nature

Significant expenses classified by nature are as below.

	(Unit: Thousand Baht)	
	2023	2022
Fuel costs	15,302,218	8,276,974
Repair and maintenance expenses	7,214,983	3,973,128
Depreciation and amortisation expenses	4,992,375	6,114,053
Salaries, wages and other employee benefits	4,231,514	2,934,781
Ramp and airport operating costs	3,940,649	1,471,790

27. Other expenses

	(Unit: Thousand Baht)	
	2023	2022
Loss on expected credit losses	386,974	15,289
Loss on exchange	-	1,361,941
Loss on derivatives	-	98,046
Loss on disposals of aircraft, leasehold improvements and equipments	-	46,580
Total	386,974	1,521,856

28. Finance costs

	(Unit: Thousand Baht)	
	2023	2022
Interest expense on lease liabilities	1,729,836	1,836,350
Interest expense on borrowings	434,322	278,782
Others	127,143	105,709
Total	2,291,301	2,220,841

29. Income tax

Income tax expenses (revenue) for the years ended 31 December 2023 and 2022 are made up as follows.

	(Unit: Thousand Baht)	
	2023	2022
Current income tax:		
Current income tax charge for the year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	60,111	(2,451,560)
Income tax expenses (revenue) reported in profit or loss	60,111	(2,451,560)

The amounts of income tax relating to each component of other comprehensive income for the years 2023 and 2022 are as follows.

	(Unit: Thousand Baht)	
	2023	2022
Gain on cash flow hedges	-	5,701
Net change in cost of cash flow hedges	-	(1,256)
Actuarial gain (loss)	(1,972)	31,307
Income tax expenses (revenue) recorded in other comprehensive income	(1,972)	35,752

The reconciliation between accounting profit (loss) and income tax expense (revenue) is shown below.

	(Unit: Thousand Baht)	
	2023	2022
Accounting profit (loss) before tax	523,065	(10,637,483)
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	104,613	(2,127,497)
Reversal of previously recognised deferred tax assets	-	(1,110,332)
Write-down of previously recognised deferred tax asset	88,612	-
Previously deductible temporary difference that lossess that is used to reduce deferred tax expense	(96,982)	-
Temporary difference for the year for which deferred tax assets were not recognised	15,199	-
Effects of:		
Promotional privileges (Note 30)	(36,454)	507,626
Non-deductible expenses	4,932	8,649
Additional expense deductions allowed	(19,809)	-
Revenue subject to tax	-	269,994
Total	(51,331)	786,269
Income tax expense (revenue) reported in profit or loss	60,111	(2,451,560)

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	2023	2022
Deferred tax assets		
Unused tax losses	3,081,926	3,089,319
Leases	1,745,462	1,818,039
Provision for long-term employee benefits	164,187	142,142
Derivatives	-	214
Total	4,991,575	5,049,714

As at 31 December 2023, the Company has deductible temporary differences and unused tax losses totaling Baht 10,933 million (2022: Baht 11,572 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses have been recognised amounting to Baht 10,682 million (2022: Baht 11,176 million) will expire by 2028 (2022: 2027).

30. Promotional privileges

As at 31 December 2023, the Company received 3 certificates (2022: 5 certificates) of promotional privileges from the Board of Investment (“BOI”) for air transportation business. The main privileges include exemption from payment of import duty on aircraft and related spare parts, and exemption from corporate income taxes for the promoted activities for periods of 5 years starting from the date on which the Company started earning income from the promoted activities (commencing from 27 December 2011). To be entitled to the privileges, the Company must comply with the conditions and restrictions provided in the promotional certificates. As at 31 December 2023, the Company had 4 aircraft (2022: 9 aircraft) under such certificates of promotional privileges from the BOI.

31. Earnings (loss) per share

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

32. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors that makes strategic decisions.

For management purposes, the Company is organized into business units based on its services and have two reportable segments as follows:

- Schedule flight operations: The Company provides passenger air transportation services to routine destination for scheduled flight. The Company sells tickets through its distribution channels such as website, sale counter, travel agents, etc.
- Chartered flight operations: The Company provides passenger air transportation services to non-routine destinations. Flights are operated when there is a hiring from customers who normally are tourist agency companies.

Performance of each operating segment is measured by profit or loss from operation which is using the same basis that the Company measures its profit or loss from operation in the financial statements. Other income, other expenses, finance income, finance costs and income tax are not allocated to each reporting segment.

The Company's total assets are joint assets that are used among segment. Hence, they are not allocated to each reporting segment.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Revenues and profit (loss) information regarding the Company's operating segments for the years 2023 and 2022 are as follows.

	(Unit: Thousand Baht)		
	Scheduled flight operations	Charter flight operations	Total segments
For the year ended 31 December 2023			
Revenues			
Revenues from sales and services from external customers	41,025,253	216,207	41,241,460
Total revenues	41,025,253	216,207	41,241,460
Operating result			
Segment profit	1,364,177	96,513	1,460,690
Other income			1,707,926
Other expenses			(386,974)
Finance income			32,724
Finance costs			(2,291,301)
Profit before income tax			523,065
Income tax expense			(60,111)
Profit for the year			462,954
Total assets			47,025,790

(Unit: Thousand Baht)

	Scheduled flight operations	Charter flight operations	Total segments
For the year ended 31 December 2022			
Revenues			
Revenues from sales and services from external customers	17,457,341	95,946	17,553,287
Total revenues	17,457,341	95,946	17,553,287
Operating result			
Segment profit (loss)	(7,696,493)	37,105	(7,659,388)
Other income			736,214
Other expenses			(1,521,856)
Finance income			28,388
Finance costs			(2,220,841)
Loss before income tax			(10,637,483)
Income tax revenue			2,451,560
Loss for the year			(8,185,923)
Total assets			43,960,401

Geographic information

The Company operates and has operating hubs only in Thailand. As a result, all the revenues and assets as reflected in the financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the years 2023 and 2022, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

33. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly and the fund will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2023 amounting to approximately Baht 118 million (2022: Baht 80 million) were recognised as expenses.

34. Commitments and contingent liabilities

34.1 Building construction commitments

As at 31 December 2023, the Company had capital commitments of Baht 3 million (2022: Baht 15 million), relating to the construction of a project's building.

34.2 Aircraft maintenance service commitments

The Company has commitments under aircraft maintenance service agreements made with 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.

34.3 Service commitments

As at 31 December 2023, the Company had significant service commitments as follows.

- 1) The Company had commitments from using human resource, legal and other services rendered with related company. The Company was to pay the fees at the agreed rates. During the year ended 31 December 2023, the fees under this agreement amounted to Baht 343 million (2022: Baht 359 million).
- 2) The Company had a commitment from using marketing, booking system and other services rendered with related company. The Company was to pay the fees depending on the rates stipulated in the agreements. During the year ended 31 December 2023, the fees under this agreement amounted to Baht 1,246 million (2022: Baht 563 million).
- 3) The Company had a commitment from using data consultancy and management services rendered with related companies. The Company was to pay the fees at the agreed rates.

34.4 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: Thousand Baht)	
	2023	2022
Payable:		
In up to 1 year	222,228	95,596
In over 1 year and up to 5 years	2,204	25,199
Total	<u>224,432</u>	<u>120,795</u>

34.5 Guarantees

The Company had commitments from letters of guarantee in respect of ground handling, technical support, purchase of aviation fuel and other flight operating activities including maintenance reserve fund in the ordinary course of business as follows.

(Unit: Million)

	2023				2022			
	USD	SGD	INR	Baht	USD	SGD	INR	Baht
Guarantees relating to flight operating activities	0.16	5.00	87.39	14.77	0.16	2.20	73.43	15.92
Guarantees relating to maintenance reserve fund	1.28	-	-	-	1.28	-	-	-
Total	1.44	5.00	87.39	14.77	1.44	2.20	73.43	15.92
Total equivalent to Baht	49.36	131.33	38.73	14.77	49.86	57.24	32.80	15.92

34.6 Litigations

As 31 December 2023, the Company was served with summons and copies of complaints in 39 civil lawsuits (2022: 10 civil lawsuits) over terminations and breaches of contract, whereby the Company was required to pay a compensation amounting to Baht 3 million (2022: Baht 19 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 and did not set up any provisions.

35. Fair values hierarchy

As at 31 December 2023 and 2022, the Company had assets and liabilities in US Dollar and Baht currencies disclosed at fair value which the hierarchy is level 2 as follows.

(Unit: Thousand Baht)

	2023		2022	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Assets measured or disclosed				
fair value				
Derivatives				
Interest rate swap agreements	-	15	-	1,457
Liabilities measured or disclosed				
fair value				
Derivatives				
Interest rate swap agreements	-	271	-	3,299
Foreign exchange forward contracts	3,222	-	72,505	-
Long-term borrowings from				
financial institutions	-	3,310,884	-	3,388,291
Long-term debentures	-	4,146,766	-	2,398,552

During the years 2023 and 2022, 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.

36. Financial instruments

36.1 Derivatives and hedge accounting

The Company is holding the following derivatives as at 31 December 2023 and 2022:

	(Unit: Million Baht)	
	2023	2022
Derivative assets		
Derivatives assets designated as hedging instruments		
Interest rate swap agreements	-	1
Total derivative assets	<u>-</u>	<u>1</u>
Derivative liabilities		
Derivatives liabilities designated as hedging instruments		
Interest rate swap agreements	-	3
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	<u>3</u>	<u>73</u>
Total derivative liabilities	<u>3</u>	<u>76</u>

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally 12 months.

Derivatives designated as hedging instruments

Cash flow hedges

Interest rate risk

The Company entered into interest rate swap agreements to hedge against fluctuations in the floated interest rate from aircrafts' leases and loan agreement. The Company hedged at fixed rates from 4.69% to 4.86% per annum (2022: 4.69% to 4.86% per annum) via interest rate swap agreements.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 as the underlying risk of the interest rate swap is identical to the hedged risk component.

To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the interest rate curves applied to discount the hedged item and hedging instrument
- Differences in the timing of cash flows of the hedged item and hedging instrument

As at 31 December 2023, the Company has interest rate swaps with nominal amounts of Baht 251 million, that are designated as hedging instruments to hedge cash flows (2022: Baht 464 million).

The Company is holding the following derivatives as hedging instruments as at 31 December 2023 and 2022 are, as follow:

	Maturity			Total
	Less than 1 year	1 to 5 years	More than 5 years	
For the year ended 31 December 2023				
Interest rate swap agreements (for lease liabilities)				
Notional amount (Million Baht)	251	-	-	251
Average fixed rate (%)				4.69 - 4.86
Notional amount (Million Baht)	-	-	-	-
For the year ended 31 December 2022				
Interest rate swap agreements (for lease liabilities)				
Notional amount (Million Baht)	213	251	-	464
Average fixed rate (%)				4.69 - 4.86
Book value (Million Baht)	1	1	-	2

The impact of hedged items on the statement of financial position as at 31 December 2023 and 2022 are, as follows:

		(Unit: Million Baht)							
Change in fair value used for measuring ineffectiveness		Cash flow hedge reserve				Cost of hedging reserve			
		Continuing hedges		Discontinued hedges					
2023	2022	2023	2022	2023	2022	2023	2022		
Liabilities under lease agreements		-	(5)	-	-	-	-	-	-

The impact of the hedging instruments on the statement of financial position as at 31 December 2023 and 2022, the effect of the cash flow hedge in the statement of comprehensive income for the years ended 31 December 2023 and 2022 are, as follows:

(Unit: Million Baht)

	Notional amounts (Million US dollar)	Notional amounts (Million Baht)	Carrying amount	Changes in fair value used for measuring Ineffectiveness	Effectiveness recognised in equity	Ineffectiveness recognised in profit or loss	Line item in profit or loss	Cost of hedging recognised in equity	Amount of cash flow hedge reserve reclassified to profit or loss	Line item in profit or loss
For the year ended 31 December 2023										
Foreign exchange forward contracts - hedge the risk arising from lease liabilities	6	-	(3)	(69)	-	(69)	Other revenue	-	-	Finance costs
Interest rate swap agreements - hedge the risk arising from lease liabilities and loan agreements	-	251	-	(2)	-	(2)	Other revenue	-	-	Finance costs
Total	6	251	(3)	(71)	-	(71)		-	-	

(Unit: Million Baht)

	Notional amounts (Million US dollar)	Notional amounts (Million Baht)	Carrying amount	Changes in fair value used for measuring Ineffectiveness	Effectiveness recognised in equity	Ineffectiveness recognised in profit or loss	Line item in profit or loss	Cost of hedging recognised in equity	Amount of cash flow hedge reserve reclassified to profit or loss	Line item in profit or loss
For the year ended 31 December 2022										
Foreign exchange forward contracts - hedge the risk arising from lease liabilities	25	-	(73)	73	-	73	Other expenses	-	-	Finance costs
Cross currency swap agreements - hedge the risk arising from lease liabilities	-	-	-	(42)	-	(42)	Other expenses	(5)	86	Finance costs
Interest rate swap agreements - hedge the risk arising from lease liabilities and loan agreements	-	463	(2)	(48)	-	(48)	Other expenses	-	29	Finance costs
Total	25	463	(75)	(17)	-	(17)		(5)	115	

36.2 Financial risk management objectives and policies

Financial Instruments principally comprise cash and cash equivalents, trade and other receivables, amounts due from related parties, trade payables, other payables, amounts due to related parties, short-term borrowings from financial institutions, short-term debentures, long-term borrowings from financial institutions, long-term debentures and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to deposits with banks and financial institutions, trade receivables, deposits for lease of aircraft and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

The Company manages the credit risk by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors. The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company generally has no concentration of credit risk arising from trade receivables.

Market risk

There are three types of market risk comprising fuel price risk, interest rate risk and currency risk. The Company enters into a variety of derivatives to manage its risk exposure, including:

- Interest rate swaps to mitigate the risk of rising interest rates
- Cross currency swaps to mitigate the risk of rising interest rates and foreign currency rates

Fuel price risk

Fuel price fluctuation depends on demand and supply of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company's operating results as fuel plays a vital factor in airline industry.

As at 31 December 2023 and 2022, the Company has not obligations from fuel price hedging.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, short-term borrowings from financial institutions, short-term debentures, long-term borrowings from financial institutions, long-term debentures and lease liabilities. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Company uses interest rate swap agreements as a risk management instrument for the future interest payments on certain long-term borrowings and lease liabilities that carry interest at floating rates.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

	(Unit: Million Baht)				
	Fixed	Floating	Non-interest	Total	Effective
	<u>interest rates</u>	<u>interest rate</u>	<u>bearing</u>		<u>interest rate</u>
					(% p.a.)
For the year ended 31 December 2023					
Financial assets					
Cash and cash equivalents	-	606	630	1,236	0.04 - 0.70
Trade and other receivables	-	-	1,195	1,195	-
Amounts due from related parties	-	-	6,331	6,331	-
Other current financial assets	-	54	17	71	3.02 - 12.00
Other non-current financial assets	-	666	1,156	1,822	2.29 - 7.23
	<u>-</u>	<u>1,326</u>	<u>9,329</u>	<u>10,655</u>	
Financial liabilities					
Short-term borrowings from financial institutions	750	500	-	1,250	4.75 - 6.40
Trade payables	-	-	1,893	1,893	-
Other payables	-	-	275	275	-
Amounts due to related parties	-	-	1,813	1,813	-
Long-term borrowings from financial institutions	938	2,373	-	3,311	2.90 - 9.10
Long-term debentures	4,100	-	-	4,100	6.80 - 7.00
Liabilities under lease agreements	33,325	1,076	-	34,401	2.29 - 12.00
	<u>39,113</u>	<u>3,949</u>	<u>3,981</u>	<u>47,043</u>	

	(Unit: Million Baht)				
	Fixed	Floating	Non-interest	Total	Effective
	<u>interest rates</u>	<u>interest rate</u>	<u>bearing</u>		<u>interest rate</u>
					(% p.a.)
For the year ended 31 December 2022					
Financial assets					
Cash and cash equivalents	-	586	208	794	0.04 - 0.35
Trade and other receivables	-	-	849	849	-
Amounts due from related parties	-	-	2,540	2,540	-
Other current financial assets	-	93	92	185	4.97 - 5.72
Other non-current financial assets	-	638	627	1,265	2.29 - 7.23
	<u>-</u>	<u>1,317</u>	<u>4,316</u>	<u>5,633</u>	
Financial liabilities					
Short-term borrowings from financial institutions	750	-	-	750	3.15 - 3.40
Short-term debentures	743	-	-	743	6.00
Short-term borrowing from parent company	89	-	-	89	0.25
Trade payables	-	-	1,464	1,464	-
Other payables	-	-	392	392	-
Amounts due to related parties	-	-	1,469	1,469	-
Long-term borrowings from financial institutions	1,485	1,903	-	3,388	2.75 - 6.15
Long-term debentures	2,418	-	-	2,418	2.95 - 6.80
Liabilities under lease agreements	35,283	1,173	-	36,456	3.09 - 8.61
	<u>40,768</u>	<u>3,076</u>	<u>3,325</u>	<u>47,169</u>	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's profit (loss) before tax and equity to a reasonably possible change in interest rates on that portion of floating rate loans from financial institutions affected as at 31 December 2023 and 2022, with all other variables held constant.

Currency	Increase/decrease		Effect on		Effect on equity	
	(decimal)		profit (loss) before tax		(Thousand Baht)	
	2023	2022	2023	2022	2023	2022
Baht	+0.6	+0.6	13,742	10,862	-	-
	-0.6	-0.6	(13,742)	(8,297)	-	-
US dollar	+0.6	+0.6	899	-	-	-
	-0.6	-0.6	(886)	-	-	-

This information is not a forecast or prediction of future market conditions and should be used with care.

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from cash and cash equivalents, trade and other receivables, amounts due from related parties, account payables, other payables, amounts due to related parties and lease liabilities that are denominated in several foreign currencies.

The Company has a natural hedge to the extent that payments for foreign currency payables are matched against receivables denominated in the same foreign currency. Moreover, the Company uses forward foreign exchange contract to hedge its exposure to foreign currency risk for payments to be settled in foreign currencies.

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's profit (loss) before tax and equity to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Company's profit (loss) before tax and equity is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2023 and 2022. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	Increase/decrease		Effect on profit (loss)		Effect on equity	
	(%)		before tax		(Thousand Baht)	
	2023	2022	2023	2022	2023	2022
US dollar	+5	+5	2,707,240	2,395,579	-	-
	-5	-5	(2,707,240)	(2,395,579)	-	-

This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The table below summarises the maturity profile of the Company's non-derivative financial liabilities and derivative financial instruments as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

	(Unit: Million Baht)				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
For the year ended 31 December 2023					
Non-derivatives					
Short-term loans from financial institutions	-	1,250	-	-	1,250
Trade and other payables	2,168	-	-	-	2,168
Amounts due to related parties	1,813	-	-	-	1,813
Accrued expenses	6,614	-	-	-	6,614
Long-term loans	-	1,024	2,453	657	3,657
Long-term debentures	-	1,668	2,838	-	4,506
Liabilities under lease agreements	-	7,418	22,623	12,246	42,287
Total non-derivatives	10,595	11,540	27,914	12,246	62,295
Derivatives					
Derivative liabilities: net settled	-	3	-	-	3
Total derivatives	-	3	-	-	3
(Unit: Million Baht)					
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
For the year ended 31 December 2022					
Non-derivatives					
Short-term loans from financial institutions	-	752	-	-	752
Short-term debentures	-	784	-	-	784
Short-term borrowing from parent company	89	-	-	-	89
Trade and other payables	1,856	-	-	-	1,856
Amounts due to related parties	1,469	-	-	-	1,469
Accrued expenses	4,137	-	-	-	4,137
Long-term loans	-	937	2,539	198	3,674
Long-term debentures	-	1,141	1,480	-	2,621
Liabilities under lease agreements	-	8,399	32,790	14,356	55,545
Total non-derivatives	7,551	12,013	36,809	14,554	70,927
Derivatives					
Derivative liabilities: net settled	-	74	1	-	75
Total derivatives	-	74	1	-	75

36.3 Fair values of financial instruments

The financial instruments which the fair value is not expected to be materially different from the amounts presented in the statement of financial position since they are short-term in nature or carrying interest at rates close to the market interest rates are cash and cash equivalents, trade and other receivables, amounts due from related parties, trade payables, other payables, amounts due to related parties and short-term borrowings from financial institutions.

As at 31 December 2023 and 2022, the estimated fair value of long-term financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows.

	(Unit: Million Baht)			
	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Long-term borrowings from				
financial institutions	3,311	3,311	3,388	3,388
Long-term debentures	4,100	4,147	2,418	2,399

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows.

- a) For long-term borrowings from financial institutions carrying fixed interest rates, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the borrowings with similar terms and conditions.
- b) For long-term borrowings from financial institutions carrying floating interest rates, their fair value is estimated by book values in the statement of financial position.
- c) For long-term debentures, fair value is derived from quoted market prices of the Thai Bond Market Association.

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

36.4 Offsetting of financial instruments

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements or similar agreements but not offset, as at 31 December 2023 and 2022

	(Unit: Million Baht)		
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position
As at 31 December 2023			
Amounts due from related parties	8,887	(2,556)	6,331
Amounts due to related parties	(2,276)	463	(1,813)
	<u>6,611</u>	<u>(2,093)</u>	<u>4,518</u>

	(Unit: Million Baht)		
	Net amounts recognised in the statement of financial position		
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position
As at 31 December 2022			
Amounts due from related parties	2,546	(6)	2,540
Amounts due to related parties	(1,753)	284	(1,469)
	<u>793</u>	<u>278</u>	<u>1,071</u>

Gross amounts not offset in the statement of financial position reflect amounts subject to conditional offsetting arrangements.

37. Capital management

The Company's objectives for managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In order to obtain the promotional privileges from the Board of Investment, the Company has also to maintain minimum capital investment as specified in each certificate.

38. Reclassifications

The Company reclassified certain amounts in the statement of financial position for the year ended 31 December 2022 to conform to the current year's classification, as follows.

	(Unit: Thousand Baht)	
	As reclassified	As previously reported
Other non-current financial assets	1,265,347	897,255
Aircraft maintenance reserves	2,687,676	3,055,768
Unearned income	4,020,496	4,750,937
Accrued expenses	4,867,348	4,136,907

The reclassification had no effect to previously reported shareholders' equity.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2024.