

ASIA AVIATION PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2014

AUDITOR'S REPORT

To the Shareholders of Asia Aviation Public Company Limited

I have audited the accompanying consolidated and company financial statements of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited as at 31 December 2014, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'Chanchai Chaiprasit', with a checkmark at the end.

Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
PricewaterhouseCoopers ABAS Ltd.

Bangkok
23 February 2015

Asia Aviation Public Company Limited
Statement of Financial Position
As at 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Assets					
Current assets					
Cash and cash equivalents	7	4,789,064,903	1,958,637,392	5,632,235	2,082,971
Cash at financial institutions pledged as security		6,109,410	13,356,900	-	-
Short-term investments	8	1,492,718,615	3,448,628,170	-	-
Investments in private funds	9	10,480,236	1,032,551,182	-	-
Trade and other receivables, net	10	631,014,664	723,504,686	-	-
Amounts due from related parties	25.4	68,162,932	87,240,764	-	-
Inventories		96,845,864	90,210,619	-	-
Prepaid expenses		270,989,534	343,887,487	967,691	918,387
Value added tax receivable		86,822,474	78,686,650	-	-
Other current assets		40,339,352	40,144,187	901,695	12,340
Total current assets		7,492,547,984	7,816,848,037	7,501,621	3,013,698
Non-current assets					
Cash at financial institutions pledged as security		171,192,685	339,189,114	-	-
Long-term investments	11	1,299,268,100	1,312,007,600	-	-
Investment in a subsidiary	12	-	-	3,067,114,370	3,067,114,370
Aircraft, leasehold improvements and equipment, net	13	16,033,305,083	10,956,024,359	24	24
Intangible assets, net	14	14,867,983,340	14,868,736,837	1	1
Goodwill	15	8,824,825,803	8,824,825,803	-	-
Deferred tax assets	18	-	-	2,201,186	-
Other non-current assets	16	812,677,583	817,647,640	-	-
Total non-current assets		42,009,252,594	37,118,431,353	3,069,315,581	3,067,114,395
Total assets		49,501,800,578	44,935,279,390	3,076,817,202	3,070,128,093

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

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Liabilities and shareholds' equity					
Current liabilities					
Trade accounts payable		175,170,833	152,951,492	-	-
Other accounts payable		192,155,392	124,132,639	-	-
Amounts due to related parties	25.5	472,709,254	506,830,215	-	-
Deferred revenues		4,629,227,573	4,299,163,449	-	-
Accrued expenses		1,372,431,680	1,390,467,580	1,000,000	444,376
Current portion of finance lease liabilities	17	959,006,292	615,065,684	-	-
Income tax payable		-	150,473,336	-	-
Other current liabilities		64,050,869	32,484,297	2,723,961	8,120,597
Total current liabilities		7,864,751,893	7,271,568,692	3,723,961	8,564,973
Non-current liabilities					
Finance lease liabilities	17	11,117,961,859	7,545,773,009	-	-
Deferred tax liabilities, net	18	3,345,639,796	3,309,661,779	-	-
Employee benefit obligations	20	157,547,925	132,997,460	-	-
Total non-current liabilities		14,621,149,580	10,988,432,248	-	-
Total liabilities		22,485,901,473	18,260,000,940	3,723,961	8,564,973

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

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2014

	Note	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital					
Ordinary shares, 4,850,000,000 shares of par Baht 0.1 each					
	21	<u>485,000,000</u>	<u>485,000,000</u>	<u>485,000,000</u>	<u>485,000,000</u>
Issued and paid-up share capital					
Ordinary shares, 4,850,000,000 shares of paid-up Baht 0.1 each					
		485,000,000	485,000,000	485,000,000	485,000,000
Premium on share capital					
		2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings (Deficits)					
		<u>16,449,402,593</u>	<u>16,261,079,344</u>	<u>(11,715,033)</u>	<u>(23,245,154)</u>
Equity attributable to owners of the parent					
		19,534,210,867	19,345,887,618	3,073,093,241	3,061,563,120
Non-controlling interests					
		<u>7,481,688,238</u>	<u>7,329,390,832</u>	<u>-</u>	<u>-</u>
Total shareholders' equity					
		<u>27,015,899,105</u>	<u>26,675,278,450</u>	<u>3,073,093,241</u>	<u>3,061,563,120</u>
Total liabilities and shareholders' equity					
		<u>49,501,800,578</u>	<u>44,935,279,390</u>	<u>3,076,817,202</u>	<u>3,070,128,093</u>

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

Asia Aviation Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Revenues from sales and services	22	25,355,514,917	23,485,042,536	25,000,000	-
Cost of sales of goods and services		(23,707,654,246)	(19,928,354,155)	-	-
Gross profit		1,647,860,671	3,556,688,381	25,000,000	-
Net gain on exchange rates		126,024,280	258,151,066	-	1,416
Other income		793,763,630	670,649,775	604,803	773,660
Profit before expenses		2,567,648,581	4,485,489,222	25,604,803	775,076
Selling expenses		(1,180,060,295)	(1,147,762,163)	-	-
Administrative expenses		(744,837,116)	(607,905,725)	(16,267,696)	(11,792,650)
Net loss on exchange rates		-	-	(8,172)	-
Profit (loss) before finance costs and income tax		642,751,170	2,729,821,334	9,328,935	(11,017,574)
Finance costs		(312,758,626)	(170,971,996)	-	-
Profit (loss) before income tax		329,992,544	2,558,849,338	9,328,935	(11,017,574)
Income tax	19	1,279,965	(651,177,101)	2,201,186	-
Net profit (loss) for the year		331,272,509	1,907,672,237	11,530,121	(11,017,574)
Other comprehensive income (expense):					
Actuarial gain on employee benefit obligations	20	11,685,182	15,929,471	-	-
Income tax relating to components of other comprehensive expense for the year	19	(2,337,036)	(3,185,894)	-	-
Other comprehensive income for the year		9,348,146	12,743,577	-	-
Total comprehensive income (expense) for the year		340,620,655	1,920,415,814	11,530,121	(11,017,574)
Net profit (loss) attributable to:					
Owners of the parent		183,181,769	1,042,761,319	11,530,121	(11,017,574)
Non-controlling interests		148,090,740	864,910,918	-	-
		331,272,509	1,907,672,237	11,530,121	(11,017,574)
Total comprehensive income (expenses) attributable to:					
Owners of the parent		188,323,249	1,049,770,286	11,530,121	(11,017,574)
Non-controlling interests		152,297,406	870,645,528	-	-
		340,620,655	1,920,415,814	11,530,121	(11,017,574)
Earnings (loss) per share					
Basic earnings (loss) per share	24	0.0378	0.2150	0.0024	(0.0023)

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

Asia Aviation Public Company Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2014

	Consolidated						
	Attributable to owners of the parent						
	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings Baht	Other component of equity Other reserves Baht	Total owners of the parent Baht	Non- controlling interests Baht	Total shareholders' equity Baht
Opening balance as at 1 January 2013	485,000,000	2,599,808,274	15,211,309,058	(37,047,145)	18,259,070,187	6,458,745,304	24,717,815,491
Effect of share-based payment	-	-	-	37,047,145	37,047,145	-	37,047,145
Total comprehensive income for the year	-	-	1,049,770,286	-	1,049,770,286	870,645,528	1,920,415,814
Closing balance as at 31 December 2013	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>16,261,079,344</u>	<u>-</u>	<u>19,345,887,618</u>	<u>7,329,390,832</u>	<u>26,675,278,450</u>
Opening balance as at 1 January 2014	485,000,000	2,599,808,274	16,261,079,344	-	19,345,887,618	7,329,390,832	26,675,278,450
Total comprehensive income for the year	-	-	188,323,249	-	188,323,249	152,297,406	340,620,655
Closing balance as at 31 December 2014	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>16,449,402,593</u>	<u>-</u>	<u>19,534,210,867</u>	<u>7,481,688,238</u>	<u>27,015,899,105</u>

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

Asia Aviation Public Company Limited
Statement of Changes in Shareholders' Equity (Cont'd)
For the year ended 31 December 2014

	Company			
	Issued and paid-up share capital Baht	Premium on share capital Baht	Deficits Baht	Total Baht
Opening balance as at 1 January 2013	485,000,000	2,599,808,274	(12,227,580)	3,072,580,694
Total comprehensive expense for the year	-	-	(11,017,574)	(11,017,574)
Closing balance as at 31 December 2013	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>(23,245,154)</u>	<u>3,061,563,120</u>
Opening balance as at 1 January 2014	485,000,000	2,599,808,274	(23,245,154)	3,061,563,120
Total comprehensive income for the year	-	-	11,530,121	11,530,121
Closing balance as at 31 December 2014	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>(11,715,033)</u>	<u>3,073,093,241</u>

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

Asia Aviation Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash flows from operating activities					
Profit (loss) before income tax expense		329,992,544	2,558,849,338	9,328,935	(11,017,574)
Adjustments for:					
Depreciation	13	817,881,659	401,631,053	-	-
Amortisation	14	5,741,679	4,691,165	-	-
Amortisation of prepaid expenses		122,861,382	114,274,273	2,206,571	2,389,069
(Gain) loss on disposals and write-offs of leasehold improvements and equipment		(255,597)	647,460	-	-
Employee benefit expenses	20	36,235,647	38,428,899	-	-
Amortisation of share-based payment		-	33,712,691	-	-
Net (gain) loss on exchange rates		48,254,196	85,854,062	8,172	(1,416)
Net gain on fair value adjustment in investments in private funds	9	(13,359,792)	(32,551,182)	-	-
Finance costs		312,758,626	170,971,996	-	-
Interest income		(168,309,331)	(161,794,765)	(14,616)	(23,660)
		1,491,801,013	3,214,714,990	11,529,062	(8,653,581)
Changes in operating assets and liabilities:					
- Trade and other receivables		91,388,290	(328,871,752)	-	-
- Amounts due from related parties		23,297,623	127,600,550	-	-
- Inventories		(6,635,245)	(10,622,716)	-	-
- Prepaid expenses		(49,963,429)	(257,113,778)	(2,255,875)	(2,405,927)
- Value added tax receivable		(8,135,824)	20,602,427	-	-
- Other current assets		5,387,237	(26,708,010)	(889,355)	(12,340)
- Other non-current assets		4,970,057	(144,366,633)	-	-
- Trade accounts payable		22,219,341	81,962,723	-	-
- Other accounts payable		68,022,753	18,141,000	-	-
- Amounts due to related parties		(34,120,961)	79,104,745	-	-
- Deferred revenues		330,064,124	717,003,064	-	-
- Accrued expenses		(33,840,419)	783,526,476	555,624	67,629
- Other current liabilities		31,566,572	13,209,526	(5,396,636)	8,010,643
Cash generated from (used in) operating activities		1,936,021,132	4,288,182,612	3,542,820	(2,993,576)
Interest received		34,071,970	24,904,203	14,616	23,660
Income tax paid		(121,134,793)	(291,854,734)	-	-
Employee benefit paid	20	-	(1,348,352)	-	-
Net cash generated from (used in) operating activities		1,848,958,309	4,019,883,729	3,557,436	(2,969,916)

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

Asia Aviation Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash flows from investing activities					
Decrease (increase) in cash at financial institutions pledged as security		175,243,919	(327,448,453)	-	-
Decrease (increase) in short-term investments		1,955,909,555	(1,152,727,210)	-	-
Decrease (increase) in investments in private funds	9	1,035,430,738	(1,000,000,000)	-	-
Increase in long-term investments	11	(1,715,500)	(1,301,779,300)	-	-
Proceeds from disposals of leasehold improvements and equipment		1,057,329	7,129,506	-	-
Payments for aircraft, leasehold improvements and equipment		(1,266,087,577)	(1,903,710,405)	-	-
Payments for intangible assets	14	(4,988,182)	(4,582,938)	-	-
Interest received		130,521,985	117,924,293	-	-
Net cash generated from (used in) investing activities		2,025,372,267	(5,565,194,507)	-	-
Cash flows from financing activities					
Repayments of finance leases		(704,485,139)	(269,439,143)	-	-
Interest paid		(326,277,187)	(166,777,116)	-	-
Net cash used in financing activities		(1,030,762,326)	(436,216,259)	-	-
Net increase (decrease) in cash and cash equivalents					
		2,843,568,250	(1,981,527,037)	3,557,436	(2,969,916)
Cash and cash equivalents at the beginning of the year		1,958,637,392	3,852,838,996	2,082,971	5,051,471
Exchange gain (loss) on cash and cash equivalents		(13,140,739)	87,325,433	(8,172)	1,416
Cash and cash equivalents at the end of the year		4,789,064,903	1,958,637,392	5,632,235	2,082,971

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2014 and 2013 are as follows:

Purchases of aircraft spare parts which have not been paid	14,430,535	50,396,888	-	-
Purchases of aircraft and aircraft engine under finance lease agreements	4,475,499,524	6,135,366,989	-	-
Share-based payment	-	33,712,691	-	-

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

1 General information

Asia Aviation Public Company Limited (“the Company”) is a public company and incorporated in Thailand. The address of the Company’s registered office is as follows:

222, Don Mueang International Airport, 3rd floor, Central Office Building, Room no. 3200, Vibhavadee Rangsit Road, Sanam Bin district, Don Mueang, Bangkok 10210.

The Company’s ordinary shares are listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiary are referred to as “the Group”.

The principal business operations of the Company and its subsidiary are summarised below:

The Company’s principal business operation is to invest in low-fare airline business company which is Thai AirAsia Company Limited. The Company’s shareholding interest is 55%.

The subsidiary, Thai AirAsia Company Limited, principally provides low-fare airline services.

As disclosed in Note 12, in May 2012, Thai AirAsia Company Limited changed from the Company’s joint venture to a subsidiary under the “Amended and Restated Shareholders’ Agreement”.

The consolidated and company financial statements were authorised for issue by the Board of Directors on 23 February 2015.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention, except as disclosed otherwise in the accounting policies.

The preparation of consolidated and company financial statements in conformity with Thai Generally Accepted Accounting Principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and company financial statements are disclosed in Note 4.

An English version of the consolidated and company financial statements have been prepared from the consolidated and company financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language consolidated and company financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, financial reporting standards, and related interpretations

2.2.1 Revised accounting standards, financial reporting standards, and related interpretations which are effective on 1 January 2014 and are relevant to the Group are as follows:

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of cash flows
TAS 12 (revised 2012)	Income taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee benefits
TAS 21 (revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (revised 2012)	Related party disclosures
TAS 34 (revised 2012)	Interim financial reporting
TAS 36 (revised 2012)	Impairment of assets
TAS 38 (revised 2012)	Intangible assets
TFRS 8 (revised 2012)	Operating segments
TFRIC 13	Customer loyalty programmes

The Group's management has assessed and determined that the revised accounting standards, financial reporting standards, and related interpretations do not have impact to the financial statement being presented, except TFRIC 13 which clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. However, the management assessed that impact is immaterial to the financial statements.

2.2.2 Revised accounting standards, financial reporting standards, and related interpretations which are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted:

a) Accounting standards, financial reporting standards, and interpretations that have significant changes:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, financial reporting standards, and related interpretations (Cont'd)

2.2.2 Revised accounting standards, financial reporting standards, and related interpretations which are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted: (Cont'd)

- a) Accounting standards, financial reporting standards, and interpretations that have significant changes: (Cont'd)

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period.

TAS 27 (revised 2014) provides the requirements relating to separate financial statements.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs.

The Group's management is yet to assess the full impact of these revised accounting standards, financial reporting standards, and related interpretations.

- b) Accounting standards, financial reporting standards, and interpretations that have minor changes:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.2 Revised accounting standards, financial reporting standards, and related interpretations which are effective on 1 January 2015. These standards are relevant to the Group and are not early adopted: (Cont'd)

b) Accounting standards, financial reporting standards, and interpretations that have minor changes: (Cont'd)

TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TFRS 8 (revised 2014)	Operating segments
TSIC 25 (revised 2014)	Income taxes – changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 13 (revised 2014)	Customer loyalty programmes

The Group's management has assessed and determined that the revised accounting standards, financial reporting standards, and interpretations will not have impact to the consolidated and company financial statements being presented.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and company financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss in the statement of comprehensive income.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss in the statement of comprehensive income, any exchange component of that gain or loss is recognised in profit and loss in the statement of comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

2 Accounting policies (Cont'd)

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and are not pledged as security.

2.6 Investments in private funds

Investments in private funds comprise fixed deposits, government bonds and debt instruments which are classified as trading investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Trading investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are included in current assets.

The investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised as profit or loss in the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss in the statement of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.7 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the end of year. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in statement of comprehensive income within administrative expenses.

2.8 Inventories

Inventories comprise food, beverage, merchandise, and consumables.

Food, beverage and merchandise are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. 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.

Consumables used internally for aircraft repairs and maintenance are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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, where necessary, for obsolete, slow moving or defective inventories.

2 Accounting policies (Cont'd)

2.9 Investments

Investments other than investments in subsidiaries are classified into the following two categories: (1) held-to-maturity investments; and (2) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
2. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.10 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

For the Company financial statements, investments in subsidiaries are accounted for at cost less impairment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in statement of comprehensive income.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Accounting policies (Cont'd)

2.11 Aircraft, leasehold improvements and equipment

Aircraft, leasehold improvements and equipment are stated at cost less accumulated depreciation. Historical 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 Group 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.

Depreciation is calculated on the straight-line basis to write-off the cost of each asset, to its residual value over the estimated useful life as follows:

Aircraft and aircraft engine	5 - 25 years
Aircraft spare parts	10 years
Leasehold improvements	5 years
Computers	5 years
Furniture, fixtures and office equipment	5 years
Operating equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in statement of comprehensive income.

2.12 Intangible assets

2.12.1 Landing rights

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided that minimum utilisation requirements are observed, and are tested for impairment annually and whenever there is an indicator of impairment.

2.12.2 Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years on the straight-line basis.

2 Accounting policies (Cont'd)

2.13 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisition of subsidiary is reported in the consolidated statement of financial position as goodwill and is reported in the company statement of financial position as part of the investment in a subsidiary. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested for impairment as part of the overall investment in a subsidiary.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.14 Leases - where the Group is the lessees

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to statement of comprehensive income over the lease period. The assets acquired under finance lease are depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.15 Employee benefits

2.15.1 Provident fund

The Group operates a provident fund that is a defined contribution plan. The fund assets are held in a separate trust fund and are managed by an external fund manager. The provident fund is funded by payments from employees and by the Group. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the prior and current periods. The Group's contributions to the provident fund are charged to statement of comprehensive income in the year to which they relate.

2 Accounting policies (Cont'd)

2.15 Employee benefits (Cont'd)

2.15.2 Retirement benefits

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labour Law depending on age and years of service.

The liability of retirement benefit is recognised in the statement of financial position using the present value of the obligation at the statement of financial position date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The retirement benefit is calculated by an independent actuary using the projected unit credit method. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.16 Share-based payment

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions; and
- excluding the impact of any service and non-market performance vesting conditions (remaining an employee of the entity over a specified time period)

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in statement of comprehensive income, with a corresponding adjustment to equity.

With respect to the grant by the company of shares over its equity instruments to the employees of subsidiary, the fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period.

2.17 Provisions

Provisions, which exclude the provision relating to employee benefits, are recognised when the Group have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expect a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

2 Accounting policies (Cont'd)

2.19 Revenue recognition

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

Revenue from sales comprises receivable for the sale of goods net of output tax, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Other income is recognised on an accrual basis.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose them to a variety of financial risks, including the effects of changes in fuel price and foreign currency exchange rates. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the financial performance. The Group does not have policies to use derivative financial instruments for trading or speculative purpose.

Fuel price risk

The Group is exposed to the fluctuation of fuel price. To manage the risk of fuel price fluctuation, AirAsia Berhad, a related party, is carried out the risk management on behalf of the Group (Note 3.2).

Foreign exchange risk

Foreign currency assets mainly represent deposits at banks, other deposits and amounts due from related parties. Foreign currency liabilities mainly represent trade accounts payable amounts due to related parties and finance lease liabilities.

The Group is exposed to foreign exchange risk arising from currency exposures mainly in respect of US Dollars. The Group has a natural hedge to the extent that payments for foreign currency payables are matched against receivables denominated in the same foreign currency. However, the Group uses forward foreign exchange contract to hedge its exposure to foreign currency risk for fixed deposit (Note 3.2).

Interest rate risk

The Group's interest rate risk arises from finance lease liabilities and amounts due to related parties. Finance lease liabilities issued at variable rates and amounts due to related parties issued at fixed rate. However, the Group uses interest rate swap agreement as a risk management instrument to manage on the fluctuation of future interest rate of finance lease liabilities (Note 3.2).

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

Credit risk

Most of the Group's income, being passenger revenue, is normally paid by clients in advance. The credit risk incurred from amounts due from related parties is low. Management is therefore of the opinion that credit risk is not significant. The Group has not entered into any derivative contracts relating to credit risk. Cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping credit lines available.

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments, which the Group used to manage risk, comprise fuel price swap agreements and forward foreign exchange contract.

Fuel price swap agreements

AirAsia Berhad, a related party, has entered into fuel price swap agreements with third parties which protect the Group from the risk of movements in fuel price. The Group has entered into the agreements with AirAsia Berhad under the term of the agreements that gain or loss on fuel price swap agreements are allocated to the Group based on proportion of fuel consumption on a monthly basis. The Group recorded these transactions in statement of comprehensive income as a component of operating costs when they incur.

Forward foreign exchange contracts

The Group entered into a forward foreign exchange contract with a local financial institution in order to hedge the foreign exchange risk relating to fixed deposits. As at 31 December 2014, the outstanding contracts due for the settlement dated 10 March 2015 and 29 June 2015 (As at 31 December 2013: 10 March 2014 and 30 June 2014) are as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
The amount to be received				
US Dollars 15.14 million at rate Baht 32.49 per US Dollar 1	-	491,715,277	-	-
US Dollars 20.23 million at rate Baht 32.90 per US Dollar 1	-	665,694,448	-	-
US Dollars 15.14 million at rate Baht 32.24 per US Dollar 1	488,245,471	-	-	-
US Dollars 10.10 million at rate Baht 33.14 per US Dollar 1	334,524,996	-	-	-

3 Financial risk management (Cont'd)

3.2 Accounting for derivative financial instruments and hedging activities (Cont'd)

Interest rate swap agreement

The Group entered into the interest rate swap agreement in order to use it as a risk management instrument to manage on the fluctuation of future interest rate of financial lease liabilities by changing from floating interest rate to fixed interest rate under the interest rate swap agreement. Under the interest rate swap agreement, the Group agreed to exchange the difference between fixed rate and floating rate which are calculated by reference to the agreed notional principal amounts. As at 31 December 2014, the notional principal from the contract was amounting to Baht 1,090 million (2013: Nil), the fixed interest rates 5.09% and the floating interest rates was THBFX1M plus 2.20% (2013: Nil).

Interest rate swap agreement is due for exchange of the differences in interest amount every month.

3.3 Fair value estimation

Fair values of financial assets and liabilities are approximate their carrying amounts because their periods of maturities are short, therefore, there are no significant risk that would impact the Group's future cash flows.

Fuel price swap agreements

The net fair value of fuel price swap agreements at the statement of financial position date is as follows:

	Consolidated		Company	
	2014 US Dollars	2013 US Dollars	2014 US Dollars	2013 US Dollars
Favourable (unfavourable) fuel price swap agreements	(27,322,704)	309,928	-	-

Forward foreign exchange contracts

The net fair value of forward foreign exchange contracts at the statement of financial position date is as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Unfavourable forward foreign exchange contracts	(13,115,208)	(9,893,762)	-	-

The fair value of the forward foreign exchange contracts has been calculated (using rates quoted by the counterparty to the contracts) as if the contract was terminated at the statement of financial position date.

Interest rate swap agreement

The net fair value of interest rate swap agreement at the statement of financial position date is as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Unfavourable interest rate swap agreement	(25,340,152)	-	-	-

4 Critical accounting estimates, assumptions, and judgements

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Aircraft maintenance under operating leases

The Group has a commitment to maintain aircrafts under operating lease agreements, a provision is made throughout the lease term for the rectification obligations contained within the lease agreements. The provision is based on estimated future repair and maintenance costs of major airframe, certain engine maintenance checks and estimated one-off costs incurred at the end of the lease by charging to statement of comprehensive income according to the number of flying hours in each year.

Estimated useful lives and residual values of aircraft frames and engines

The Group reviews annually the estimated useful lives and residual values of aircraft airframes and engines based on key factors concerned such as business plans and strategies, expected level of usage, future technological developments and market prices. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group 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 Group has to maintain minimum capital investment as specified in each certificate.

6 Segment information

Financial information by business segments

	2014				Total Baht
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	
Revenues from sales and services	24,179,617,929	1,175,896,988	25,000,000	(25,000,000)	25,355,514,917
Profit from operation	(429,501,229)	163,158,678	8,732,304	-	(257,610,247)
Unallocated costs					(19,426,493)
Net gain on exchange rates					126,024,280
Other income					793,763,630
Finance costs					(312,758,626)
Profit before income tax					329,992,544
Income tax					1,279,965
Net profit for the year					331,272,509
Consolidated total assets					49,501,800,578

6 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	2013				Total Baht
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	
Revenues from sales and services	22,514,025,294	971,017,242	-	-	23,485,042,536
Profit from operation	1,816,133,850	28,734,849	(11,792,650)	-	1,833,076,049
Unallocated costs					(32,055,556)
Net gain on exchange rates					258,151,066
Other income					670,649,775
Finance costs					(170,971,996)
Profit before income tax					2,558,849,338
Income tax					(651,177,101)
Net profit for the year					1,907,672,237
Consolidated total assets					44,935,279,390

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

The operations of the Group's reporting segments are described as follows:

- Scheduled flight operations: The Group provides passenger air transportation services to routine destinations based on scheduled flights. The Group sells tickets through its distribution channels such as website, sale counters and travel agents etc.
- Charter flight operations: The Group 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 Group measures its profit or loss from operation in the financial statements. Net gain on exchange rates, other income, finance costs and income tax expense are not allocated to each reporting segment.

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

7 Cash and cash equivalents

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash on hand	5,599,026	30,199,508	-	-
Deposits held at call with banks	4,599,799,877	1,656,852,884	5,632,235	2,082,971
Short-term bank deposits and bill of exchange with maturity of three months or less	183,666,000	271,585,000	-	-
Total cash and cash equivalents	4,789,064,903	1,958,637,392	5,632,235	2,082,971

The interest rate of deposits held at call with banks was weighted average rate of 0.87% per annum (2013: 1.24% per annum).

As at 31 December 2014, interest rate of short-term bank deposits and bill of exchange with maturity of three months or less was 2.82% per annum (2013: 4.25% - 5.00% per annum).

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8 Short-term investments

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Fixed deposits and bill of exchange	1,492,718,615	3,448,628,170	-	-

As at 31 December 2014, short term investments comprise fixed deposits and bills of exchange of US Dollars 25.50 million and Chinese Yuan 125.00 million (2013: US Dollars 35.50 million, Chinese Yuan 305.00 million and Baht 650.00 million). Fixed deposits and bills of exchange have the period of 6-month to 12-month and bear interests at the rates of 2.25% to 4.00% per annum (2013: 2.00% to 3.50% per annum).

9 Investments in private funds

As at 31 December, the Group had securities of investments in private funds as follows:

	Consolidated		Company	
	Fair value		Fair value	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Bank deposits	10,480,236	214,971,212	-	-
Government bonds	-	147,311,470	-	-
Debt instruments	-	670,268,500	-	-
Total investments in private funds	10,480,236	1,032,551,182	-	-

The movement of investments in private funds is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
For the year ended 31 December 2014				
Opening net book amount	1,032,551,182	-	-	-
Additions	-	1,000,000,000	-	-
Disposals	(1,035,430,738)	-	-	-
Fair value adjustment	13,359,792	32,551,182	-	-
Closing net book amount	10,480,236	1,032,551,182	-	-

10 Trade and other receivables, net

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Trade accounts receivable	255,647,615	317,179,582	-	-
<u>Less</u> Allowance for doubtful account	-	(2,220,250)	-	-
Trade accounts receivable, net	255,647,615	314,959,332	-	-
Accrued airport incentive	253,027,273	355,247,616	-	-
Accrued income	111,865,263	37,195,392	-	-
Other accounts receivable	10,474,513	16,102,346	-	-
Total trade and other receivables, net	631,014,664	723,504,686	-	-

10 Trade and other receivables, net (Cont'd)

Outstanding trade accounts receivable can be analysed by age as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Up to 3 months	216,357,455	269,321,178	-	-
3 - 6 months	3,881,108	3,902,087	-	-
6 - 12 months	12,291,770	34,573,329	-	-
Over 12 months	23,117,282	9,382,988	-	-
Total trade accounts receivable	255,647,615	317,179,582	-	-
<u>Less</u> Allowance for doubtful account	-	(2,220,250)	-	-
Total trade accounts receivable, net	255,647,615	314,959,332	-	-

11 Long-term investments

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Opening book amount	1,312,007,600	10,228,300	-	-
Additions	1,715,500	1,301,779,300	-	-
<u>Less</u> Unrealised loss on exchange rate	(14,455,000)	-	-	-
Closing book amount	1,299,268,100	1,312,007,600	-	-

As at 31 December 2014, long-term investments comprise:

	Consolidated		
	Held to maturity investment	General investment	Total
	Baht	Baht	Baht
Fixed deposits	1,287,140,000	-	1,287,140,000
Equity securities	-	12,128,100	12,128,100
Total long-term investments	1,287,140,000	12,128,100	1,299,268,100

Held-to-maturity investments comprise 15-month fixed deposits of Baht 500.00 million, bearing interest at the rate of 3.50% per annum and 24-month fixed deposits of Chinese Yuan 150.00 million, bearing interest at the rate of 4.13% per annum.

General investment of the Group is the investment in ordinary shares of Aeronautical Radio of Thailand Limited.

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12 Investment in a subsidiary

Details of investment in a subsidiary are as follows:

				<u>Company</u>		
				<u>Cost method</u>		
	<u>Business</u>	<u>Total number of holding shares</u>	<u>Par value Baht per share</u>	<u>% of shareholding Percent</u>	<u>2014 Baht</u>	<u>2013 Baht</u>
Thai AirAsia Company Limited	providing a low-fare Airline services	23,955,553	10	55.00	3,067,114,370	3,067,114,370
					<u>3,067,114,370</u>	<u>3,067,114,370</u>

On 14 February 2012, the Company entered into an “Amended and Restated Shareholders’ Agreement” with three parties which are AirAsia Investment Ltd. (a subsidiary of AirAsia Berhad), AirAsia Berhad and Thai AirAsia Company Limited pursuant to which the parties set out their respective rights and obligations with respect to Thai AirAsia Company Limited. According to the “Amended and Restated Shareholders’ Agreement”, the Company has gained controls over Thai AirAsia Company Limited. The “Amended and Restated Shareholders’ Agreement” will be effective from the date that the Securities and Exchange Commission issues a letter to the Company notifying that it has commenced counting the period of effectiveness of the draft prospectus filed by the Company in relation to an initial public offering, which is 4 May 2012. Therefore, Thai AirAsia Company Limited has been considered as a subsidiary instead of a joint venture from that date onward.

On 29 May 2012, the Company subscribed for an additional 3,555,560 shares of Thai AirAsia Company Limited, totalling Baht 2,663.11 million, or Baht 749 each. Therefore, the Company’s shareholding interest in Thai AirAsia Company Limited was increased from 51% to 55% from that date.

The investment in a subsidiary has not changed in years 2014 and 2013.

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13 Aircraft, leasehold improvements and equipment, net

	Consolidated								
	Leasehold improvements Baht	Computers Baht	Furniture, fixtures and office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft and Aircraft engine Baht	Aircraft spare parts Baht	Assets under installation Baht	Total Baht
At 1 January 2013									
Cost	62,805,080	77,521,560	26,430,767	166,729,383	110,280,437	2,513,860,588	773,608,918	21,399,654	3,752,636,387
<u>Less</u> Accumulated depreciation	(32,452,146)	(53,651,746)	(19,101,476)	(97,776,835)	(72,089,104)	(28,273,639)	(373,850,922)	-	(677,195,868)
Net book amount	<u>30,352,934</u>	<u>23,869,814</u>	<u>7,329,291</u>	<u>68,952,548</u>	<u>38,191,333</u>	<u>2,485,586,949</u>	<u>399,757,996</u>	<u>21,399,654</u>	<u>3,075,440,519</u>
For the year ended 31 December 2013									
Opening net book amount	30,352,934	23,869,814	7,329,291	68,952,548	38,191,333	2,485,586,949	399,757,996	21,399,654	3,075,440,519
Additions	18,740,211	8,039,196	4,949,828	15,781,772	-	8,007,395,386	176,242,182	58,843,283	8,289,991,858
Disposals, net	-	(13,146)	(1,652)	(29)	(2)	-	(6,287,888)	-	(6,302,717)
Write-offs, net	(1,474,248)	-	-	-	-	-	-	-	(1,474,248)
Transfers	37,260,624	-	14,306,781	4,643,485	(9)	-	(277,918)	(55,932,963)	-
Depreciation charge	(12,152,611)	(8,314,882)	(3,500,433)	(24,085,847)	(18,218,272)	(274,091,437)	(61,267,571)	-	(401,631,053)
Closing net book amount	<u>72,726,910</u>	<u>23,580,982</u>	<u>23,083,815</u>	<u>65,291,929</u>	<u>19,973,050</u>	<u>10,218,890,898</u>	<u>508,166,801</u>	<u>24,309,974</u>	<u>10,956,024,359</u>
At 31 December 2013									
Cost	108,542,731	84,947,557	45,573,468	185,590,260	109,401,710	10,521,255,973	939,758,806	24,309,974	12,019,380,479
<u>Less</u> Accumulated depreciation	(35,815,821)	(61,366,575)	(22,489,653)	(120,298,331)	(89,428,660)	(302,365,075)	(431,592,005)	-	(1,063,356,120)
Net book amount	<u>72,726,910</u>	<u>23,580,982</u>	<u>23,083,815</u>	<u>65,291,929</u>	<u>19,973,050</u>	<u>10,218,890,898</u>	<u>508,166,801</u>	<u>24,309,974</u>	<u>10,956,024,359</u>

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13 Aircraft, leasehold improvements and equipment, net (Cont'd)

	Consolidated								
	Leasehold improvements Baht	Computers Baht	Furniture, fixtures and office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft and Aircraft engine Baht	Aircraft spare parts Baht	Assets under installation Baht	Total Baht
For the year ended 31 December 2014									
Opening net book amount	72,726,910	23,580,982	23,083,815	65,291,929	19,973,050	10,218,890,898	508,166,801	24,309,974	10,956,024,359
Additions	18,048,466	13,853,660	8,432,384	56,744,272	4,500,000	5,614,655,738	146,957,363	32,772,232	5,895,964,115
Disposals, net	-	(233,843)	(4,260)	(7,123)	(444,321)	-	(112,185)	-	(801,732)
Transfers	16,085,014	-	1,762,797	9,310,559	13,321,389	-	-	(40,479,759)	-
Depreciation charge	(23,281,134)	(9,500,924)	(6,968,041)	(23,881,141)	(13,871,159)	(671,152,040)	(69,227,220)	-	(817,881,659)
Closing net book amount	<u>83,579,256</u>	<u>27,699,875</u>	<u>26,306,695</u>	<u>107,458,496</u>	<u>23,478,959</u>	<u>15,162,394,596</u>	<u>585,784,759</u>	<u>16,602,447</u>	<u>16,033,305,083</u>
At 31 December 2014									
Cost	142,676,211	79,676,405	55,701,610	249,895,413	125,465,083	16,135,911,711	1,086,585,053	16,602,447	17,892,513,933
Less Accumulated depreciation	(59,096,955)	(51,976,530)	(29,394,915)	(142,436,917)	(101,986,124)	(973,517,115)	(500,800,294)	-	(1,859,208,850)
Net book amount	<u>83,579,256</u>	<u>27,699,875</u>	<u>26,306,695</u>	<u>107,458,496</u>	<u>23,478,959</u>	<u>15,162,394,596</u>	<u>585,784,759</u>	<u>16,602,447</u>	<u>16,033,305,083</u>

The leased assets included above, where the Group is a lessee under finance lease agreements, comprise aircraft, aircraft engine and motor vehicles, total cost of which is Baht 16,147.65 million and total accumulated depreciation of Baht 981.92 million (2013: total cost of Baht 10,538.13 million and total accumulated depreciation of Baht 307.89 million).

13 Aircraft, leasehold improvements and equipment, net (Cont'd)

	<u>Company Office equipment Baht</u>
At 1 January 2013	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>
For the year ended 31 December 2013	
Opening net book amount	24
Depreciation charge	<u>-</u>
Closing net book amount	<u>24</u>
At 31 December 2013	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>
For the year ended 31 December 2014	
Opening net book amount	24
Depreciation charge	<u>-</u>
Closing net book amount	<u>24</u>
At 31 December 2014	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>

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14 Intangible assets, net

	Consolidated			Total Baht
	Landing rights Baht	Computer software Baht	Computer software under installation Baht	
At 1 January 2013				
Cost	14,856,000,000	35,160,555	1,413,615	14,892,574,170
<u>Less</u> Accumulated amortisation	-	(23,729,106)	-	(23,729,106)
Net book amount	<u>14,856,000,000</u>	<u>11,431,449</u>	<u>1,413,615</u>	<u>14,868,845,064</u>
For the year ended 31 December 2013				
Opening net book amount	14,856,000,000	11,431,449	1,413,615	14,868,845,064
Additions	-	920,791	3,662,147	4,582,938
Transfers	-	1,776,824	(1,776,824)	-
Amortisation charge	-	(4,691,165)	-	(4,691,165)
Closing net book amount	<u>14,856,000,000</u>	<u>9,437,899</u>	<u>3,298,938</u>	<u>14,868,736,837</u>
At 31 December 2013				
Cost	14,856,000,000	37,858,170	3,298,938	14,897,157,108
<u>Less</u> Accumulated amortisation	-	(28,420,271)	-	(28,420,271)
Net book amount	<u>14,856,000,000</u>	<u>9,437,899</u>	<u>3,298,938</u>	<u>14,868,736,837</u>
For the year ended 31 December 2014				
Opening net book amount	14,856,000,000	9,437,899	3,298,938	14,868,736,837
Additions	-	4,276,474	711,708	4,988,182
Transfers	-	4,010,646	(4,010,646)	-
Amortisation charge	-	(5,741,679)	-	(5,741,679)
Closing net book amount	<u>14,856,000,000</u>	<u>11,983,340</u>	<u>-</u>	<u>14,867,983,340</u>
At 31 December 2014				
Cost	14,856,000,000	46,138,870	-	14,902,138,870
<u>Less</u> Accumulated amortisation	-	(34,155,530)	-	(34,155,530)
Net book amount	<u>14,856,000,000</u>	<u>11,983,340</u>	<u>-</u>	<u>14,867,983,340</u>

Landing rights is tested for impairment together with the impairment of goodwill as shown in Note 15.

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14 Intangible assets, net (Cont'd)

	<u>Company Computer software Baht</u>
At 1 January 2013	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>
For the year ended 31 December 2013	
Opening net book amount	1
Amortisation charge	<u>-</u>
Closing net book amount	<u>1</u>
At 31 December 2013	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>
For the year ended 31 December 2014	
Opening net book amount	1
Amortisation charge	<u>-</u>
Closing net book amount	<u>1</u>
At 31 December 2014	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>

15 Goodwill

On 4 May 2012, the Company had gained controls over Thai AirAsia Company Limited according to an "Amended and Restated Shareholders' Agreement". Then the Company had determined the fair value of identifiable assets acquired and liabilities assumed of Thai AirAsia Company Limited and compared to the fair value of 51% shareholding previously held before acquisition date in Thai AirAsia Company Limited. The excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition is recognised as Goodwill in the Group's financial statements position.

	<u>Consolidated</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
At 31 December				
Cost	8,824,825,803	8,824,825,803	-	-
<u>Less</u> Provision for impairment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount	<u>8,824,825,803</u>	<u>8,824,825,803</u>	<u>-</u>	<u>-</u>

Asia Aviation Public Company Limited
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16 Other non-current assets

	Note	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Aircraft rental deposits	25.7	630,333,888	605,152,224	-	-
Airport operation deposit		34,600,000	34,600,000	-	-
Fuel price swap deposit	25.7	16,406,400	16,338,900	-	-
Rental deposits		46,610,702	40,443,020	-	-
Prepaid expenses		10,880,712	24,086,098	-	-
Other deposits		73,845,881	97,027,398	-	-
Total other non-current assets		812,677,583	817,647,640	-	-

17 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Within 1 year	1,365,914,441	840,034,332	-	-
Later than 1 year but not later than 5 years	5,451,922,249	3,733,718,639	-	-
Later than 5 years	7,737,871,073	5,006,647,324	-	-
<u>Less</u> Future finance charges on finance leases	(2,478,739,612)	(1,419,561,602)	-	-
	12,076,968,151	8,160,838,693	-	-
Representing lease liabilities:				
- Current portion	959,006,292	615,065,684	-	-
- Non-current portion	11,117,961,859	7,545,773,009	-	-
	12,076,968,151	8,160,838,693	-	-

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Within 1 year	1,338,730,452	825,903,954	-	-
Later than 1 year but not later than 5 years	4,889,550,263	3,417,297,611	-	-
Later than 5 years	5,848,687,436	3,917,637,128	-	-
	12,076,968,151	8,160,838,693	-	-

During the year, the Group entered into four Aircraft and one Aircraft engine Finance Lease Agreements. The lease period of each Aircraft is 12 years and Aircraft engine is 5 years, with a purchase option from the lessor at the end of the lease period.

18 Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 20%.

The analysis of deferred tax assets and deferred tax liability is as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	-	-	2,201,186	-
Deferred tax assets to be recovered after more than 12 months	1,352,163,663	809,835,441	-	-
	<u>1,352,163,663</u>	<u>809,835,441</u>	<u>2,201,186</u>	<u>-</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	(4,660,421)	-	-
Deferred tax liabilities to be settled after more than 12 months	(4,697,803,459)	(4,114,836,799)	-	-
	<u>(4,697,803,459)</u>	<u>(4,119,497,220)</u>	<u>-</u>	<u>-</u>
Deferred tax asset (liabilities), net	<u>(3,345,639,796)</u>	<u>(3,309,661,779)</u>	<u>2,201,186</u>	<u>-</u>

The gross movement and the deferred income tax account is as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
At 1 January	(3,309,661,779)	(3,034,141,674)	-	-
Charged (credited) to profit or loss	(33,640,981)	(275,668,664)	2,201,186	-
Credited to other comprehensive income	(2,337,036)	(3,185,894)	-	-
Tax charged directly to equity	-	3,334,453	-	-
At 31 December	<u>(3,345,639,796)</u>	<u>(3,309,661,779)</u>	<u>2,201,186</u>	<u>-</u>

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18 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows:

	Consolidated				Total Baht
	Tax loss Baht	Retirement benefit Baht	Depreciation Baht	Finance lease Baht	
Deferred tax assets					
At 1 January 2013	-	22,219,821	110,862	247,352,832	269,683,515
Charged (credited)					
to profit or loss	-	6,635,910	(110,862)	536,812,772	543,337,820
Credited to other comprehensive income	-	(3,185,894)	-	-	(3,185,894)
At 31 December 2013	-	25,669,837	-	784,165,604	809,835,441
At 1 January 2014	-	25,669,837	-	784,165,604	809,835,441
Charged to profit of loss	188,861,816	5,993,276	-	349,810,166	544,665,258
Credited to other comprehensive income	-	(2,337,036)	-	-	(2,337,036)
At 31 December 2014	188,861,816	29,326,077	-	1,133,975,770	1,352,163,663

Deferred income tax assets are recognised for tax loss and carry forward only the extent that realisation of the related tax benefit through the future taxable profits is probable.

	Consolidated			
	Gain on fair value of previously held equity interests Baht	Share-based payment Baht	Finance lease Baht	Total Baht
Deferred tax liabilities				
At 1 January 2013	(3,006,325,157)	(6,062,641)	(291,437,391)	(3,303,825,189)
Charged (credited) to profit or loss	6,411,113	2,728,188	(828,145,785)	(819,006,484)
Charged directly to equity	-	3,334,453	-	3,334,453
At 31 December 2013	(2,999,914,044)	-	(1,119,583,176)	(4,119,497,220)
At 1 January 2014	(2,999,914,044)	-	(1,119,583,176)	(4,119,497,220)
Charged (credited) to profit or loss	3,885,297	-	(582,191,536)	(578,306,239)
At 31 December 2014	(2,996,028,747)	-	(1,701,774,712)	(4,697,803,459)

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19 Income tax

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Current tax:				
Current tax on profit for the year	-	375,508,436	-	-
Adjustment in respect of prior year	(34,920,946)	-	-	-
Total current tax	(34,920,946)	375,508,436	-	-
Deferred tax:				
Origination and reversal of temporary differences:				
- Deferred tax assets	(544,665,258)	(552,736,540)	(2,201,186)	-
- Deferred tax liabilities	578,306,239	828,405,205	-	-
Total deferred tax	33,640,981	275,668,665	(2,201,186)	-
Total income tax	(1,279,965)	651,177,101	(2,201,186)	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:

	Consolidated	
	2014	2013
	Baht	Baht
Profit before income tax	329,992,544	2,558,849,338
Tax calculated at a tax rate of 20%	65,998,509	511,769,868
Tax effect of:		
Profit exempted from corporate income tax due to promotional privilege from BOI	(268,666,793)	(145,637,363)
Expenses not deductible for tax purpose	7,994,870	1,171,052
Difference in finance lease under promotional privilege period	232,381,370	286,181,107
Adjustment in respect of prior year	(34,920,946)	(7,845,531)
Share-base directly charged to equity	-	3,334,453
Tax losses which no deferred income tax asset was recognised	(4,066,975)	2,203,515
Tax charge	(1,279,965)	651,177,101

The weighted average applicable tax rate was -0.39% (2013: 25.45%). The decrease is caused by the increase in profit exempted from corporate income tax due to promotional privilege from BOI and prior year tax adjustment.

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19 Income tax (Cont'd)

The tax charged relating to component of other comprehensive income is as follows:

	Consolidated					
	2014			2013		
	Before tax Baht	Tax charge Baht	After tax Baht	Before tax Baht	Tax charge Baht	After tax Baht
Actuarial gain on employee benefit obligations	11,685,182	(2,337,036)	9,348,146	15,929,471	(3,185,894)	12,743,577
Other comprehensive income	11,685,182	(2,337,036)	9,348,146	15,929,471	(3,185,894)	12,743,577
Current tax		-			-	
Deferred tax		(2,337,036)			(3,185,894)	
		<u>(2,337,036)</u>			<u>(3,185,894)</u>	

The tax credited directly to equity during the year is as follows:

	Consolidated	
	2014 Baht	2013 Baht
Current tax		
Share option scheme	-	3,334,453

20 Employee benefit obligations

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Statement of financial position				
Retirement benefits obligation	157,547,925	132,997,460	-	-
Statement of comprehensive income				
Retirement benefits expense	36,235,647	38,428,899	-	-
Actuarial gain recognised in the statement of comprehensive income	(11,685,182)	(15,929,471)	-	-
Cumulative actuarial gain recognised in the statement of comprehensive income	(23,359,868)	(11,674,686)	-	-

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20 Employee benefit obligations (Cont'd)

Movements in the retirement benefit obligations over the year are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Opening book amount	132,997,460	111,846,384	-	-
Current service costs	30,673,843	33,642,699	-	-
Interest costs	5,561,804	4,786,200	-	-
Actuarial gain	(11,685,182)	(15,929,471)	-	-
Benefit paid	-	(1,348,352)	-	-
Closing book amount	<u>157,547,925</u>	<u>132,997,460</u>	<u>-</u>	<u>-</u>

The amounts recognised in the statement of comprehensive income are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Current service costs	30,673,843	33,642,699	-	-
Interest costs	5,561,804	4,786,200	-	-
Total, included in staff costs	<u>36,235,647</u>	<u>38,428,899</u>	<u>-</u>	<u>-</u>

The principal actuarial assumptions used were as follows:

		Consolidated		Company	
		2014	2013	2014	2013
Discount rate	% per annum	3.34	4.18	-	-
Future salary increase rate	% per annum	5.59 - 10.00	5.59 - 10.00	-	-
Resignation rate	% per annum	0.00 - 10.00	0.00 - 11.00	-	-

21 Share capital

	Par value	Number of authorised ordinary shares	Issued and paid-up ordinary shares	Issued and paid-up ordinary shares	Share premium	Total
	Baht	Shares	Shares	Shares	Baht	Baht
At 1 January 2013	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274
Issue of shares	-	-	-	-	-	-
At 31 December 2013	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274
Issue of shares	-	-	-	-	-	-
At 31 December 2014	<u>0.10</u>	<u>4,850,000,000</u>	<u>4,850,000,000</u>	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>3,084,808,274</u>

The total number of authorised ordinary shares is 4,850,000,000 shares (2013: 4,850,000,000 shares) with a par value of Baht 0.10 per share (2013: Baht 0.10 per share). All issued shares are fully paid.

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22 Revenues from sales and services

Revenues from sales and services are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Passenger revenues	18,154,708,921	17,403,345,544	-	-
Baggage handling and other service fees	5,561,579,215	4,703,474,581	-	-
Charter flight revenues	1,175,896,988	971,017,242	-	-
In-flight revenues	260,875,934	225,029,896	-	-
Freight revenues	202,453,859	182,175,273	-	-
Management fee	-	-	25,000,000	-
Total revenues	25,355,514,917	23,485,042,536	25,000,000	-

23 Expense by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit:

	Notes	Consolidated		Company	
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
Depreciation and amortisation	13,14	823,623,338	406,322,218	-	-
Staff costs		2,799,564,751	2,480,510,804	-	-
Fuel costs		11,272,295,601	9,386,304,462	-	-
Aircraft rental	25.2	3,750,883,931	3,278,934,900	-	-
Repair and maintenance		1,861,852,842	1,953,501,169	-	-
Ramp and airport operating costs		2,291,867,842	1,605,399,932	-	-

24 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to shareholders of the parent by the weighted average number of paid-up ordinary shares outstanding during the year.

	Consolidated		Company	
	2014	2013	2014	2013
Net profit (loss) attributable to shareholders of the parent (Baht)	183,181,769	1,042,761,319	11,530,121	(11,017,574)
Weighted average number of paid-up ordinary shares outstanding (Shares)	4,850,000,000	4,850,000,000	4,850,000,000	4,850,000,000
Basic earnings (loss) per share (Baht)	0.0378	0.2150	0.0024	(0.0023)

The Group does not have diluted ordinary shares as at 31 December 2014 and 2013.

25 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The major shareholder of the Company is management of the Company. The remaining is widely held.

For reporting purposes, AirAsia Berhad who held 45% of the shares of Thai Air Asia company limited, a subsidiary, and AirAsia Berhad's related parties are referred to as the other related parties.

The following significant transactions were carried out with related parties:

25.1) Other income

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Other related parties				
Interest income	8,291,867	3,110,799	-	-
Other administrative fee	9,888,280	-	-	-
Subsidiary				
Management fee	-	-	25,000,000	-

25.2) Purchases of goods and services and expenses

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Other related parties				
Share of loss from fuel price swap agreements	312,406,466	43,827,989	-	-
Share of staff costs for accounting services	31,371,651	(37,965,492)	-	-
Aircraft rental	3,750,883,931	3,278,934,900	-	-
Aircraft repair and maintenance	1,502,123,611	1,476,958,962	-	-
Purchases of merchandises and equipment	228,167,100	215,282,972	-	-
Management fee expenses	15,649,508	14,879,892	-	-
Booking fee expenses	104,976,328	88,184,386	-	-
Pilot training expenses	84,540,826	96,546,247	-	-
Brand license fee expenses	244,381,651	239,766,820	-	-

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25 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

25.3) Management remunerations

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Salaries and other short-term employee benefits	94,545,894	66,889,457	6,290,000	3,640,000
Retirement benefits	5,055,044	5,667,787	-	-
	<u>99,600,938</u>	<u>72,557,244</u>	<u>6,290,000</u>	<u>3,640,000</u>

Outstanding balances arising from receivables, payables, advance from a director and other non-current assets are summarised as follows:

25.4) Amounts due from related parties

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Other related parties	68,162,932	87,240,764	-	-

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2013: 6.00% per annum).

25.5) Amounts due to related parties

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Other related parties	472,709,254	506,830,215	-	-

25.6) Advance from a director

As at 31 December 2013, the advance from a director amounting to Baht 8 million was provided interest-free and due for repayment at call. The advance was granted for the Group operating purpose. In 2014, the advance had been returned in full amount.

25.7) Other non-current assets

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Other related parties				
Aircraft rental deposits	630,333,888	605,152,224	-	-
Fuel price swap deposit	16,406,400	16,338,900	-	-
	<u>646,740,288</u>	<u>621,491,124</u>	<u>-</u>	<u>-</u>

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26 Commitments

Operating lease commitments

As at 31 December, the Group had outstanding commitments in respect of the non-cancellable office leases and others as follows:

	Consolidated		Company	
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Within 1 year	42,611,872	49,014,345	-	-
Later than 1 year but not later than 5 years	5,306,226	33,453,035	-	-
Total	47,918,098	82,467,380	-	-

As at 31 December, the Group had the future aggregate minimum lease payments in respect of non-cancellable operating aircraft lease agreements made with AirAsia (Mauritius) Limited, a related company, and insurance agreements of aircraft and aircraft engine as follows:

	Consolidated			
	2014		2013	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	115,260,000	2,993,762	111,480,000	893,590
Later than 1 year but not later than 5 years	459,325,479	-	445,920,000	-
Later than 5 years	275,132,384	-	362,093,589	-
Total	849,717,863	2,993,762	919,493,589	893,590

27 Guarantees

As at 31 December 2014, there was a commitment related to guarantees issued by bank in respect of pilot trainees' loans in accordance with its professional pilot courses amounting to Baht 99.29 million (as at 31 December 2013: Baht 34.75 million). Normally, a guarantee is terminated when the pilot trainee earns a commercial pilot's license and is assigned as a co-pilot or when the pilot trainee settles all outstanding debts with the bank. However, the Group can fully reclaim the stated liabilities from the pilot trainees' guarantors, who have pledged guarantees with the Group.

28 Letters of guarantee

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

	Consolidated					
	2014			2013		
	Baht million	US Dollars million	India Rupee million	Baht million	US Dollars million	India Rupee million
Guarantees relating to flight operating activities	7.90	0.09	12.38	6.75	0.09	3.38
Guarantees relating to maintenance reserve fund	-	9.59	-	-	9.59	-
Total	7.90	9.68	12.38	6.75	9.68	3.38

28 Letters of guarantee (Cont'd)

The Group also used its saving and current accounts as collateral for these letters of guarantee as follows:

	Consolidated			
	2014		2013	
	Baht million	India Rupee million	Baht million	India Rupee million
Saving account	171.01	-	337.37	-
Current account	-	12.68	-	3.68
Total	171.01	12.68	337.37	3.68

29 Promotional privileges

On 13 March 2013, a subsidiary received a certificate of promotional privileges from the Board of Investment (“BOI”) for 24 aircraft for the business of air transportation. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income tax for the promoted activities for a period of eight years from the date when income is first derived. To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates. The conditions require that the subsidiary’s authorized and paid-up share capital is not less than Baht 435.5 million.

As at 31 December 2014, the subsidiary had received 12 aircraft under such certificate of promotional privileges from the BOI. (as at 31 December 2013: 7 aircraft).

30 Subsequent events

On 11 January 2015 and 23 January 2015, Thai AirAsia Company Limited, its subsidiary accepted the delivery of two additional AIRBUS A320-200 aircraft. The expansion of the subsidiary’s fleet is to support the launch of new routes and increase the frequency of flights on the subsidiary’s existing routes. These aircraft are acquired under lease agreements for the period of 12 years.