

ASIA AVIATION PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2015



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Asia Aviation Public Company Limited

I have reviewed the accompanying consolidated and company statement of financial position as at 30 June 2015, the related consolidated and company statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated and company statements of changes in shareholders' equity and cash flows for the six-month period then ended, and condensed notes to interim financial information of Asia Aviation Public Company Limited and its subsidiary, and of Asia Aviation Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

A handwritten signature in blue ink, appearing to read 'Chanchai Chaiprasit', is written over a light blue horizontal line.

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

Bangkok
11 August 2015

Asia Aviation Public Company Limited
Statement of Financial Position
As at 30 June 2015

	Notes	Consolidated		Company	
		Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Assets					
Current assets					
Cash and cash equivalents		4,420,365,123	4,789,064,903	7,851,654	5,632,235
Cash at financial institutions pledged as security		4,632,188	6,109,410	-	-
Short-term investments		1,521,218,500	1,492,718,615	-	-
Current portion of long-term investments		808,725,000	-	-	-
Investments in private funds		-	10,480,236	-	-
Trade and other receivables, net	5	560,785,417	631,014,664	-	-
Amounts due from related parties	11.4	372,636,098	68,162,932	-	-
Inventories		120,260,568	96,845,864	-	-
Prepaid expenses		480,011,811	270,989,534	107,775	967,691
Value added tax receivable, net		55,204,941	86,822,474	-	-
Other current assets		47,046,735	40,339,352	1,986,670	901,695
Total current assets		8,390,886,381	7,492,547,984	9,946,099	7,501,621
Non-current assets					
Cash at financial institutions pledged as security		420,455,215	171,192,685	-	-
Long-term investments		12,128,100	1,299,268,100	-	-
Investment in an associate	6	2,317,962	-	-	-
Investment in a subsidiary	6	-	-	3,067,114,370	3,067,114,370
Aircraft, leasehold improvements and equipment, net	7	18,368,658,970	16,033,305,083	19,568	24
Intangible assets, net	7	14,869,597,900	14,867,983,340	1	1
Goodwill		8,824,825,803	8,824,825,803	-	-
Deferred tax assets		-	-	1,286,135	2,201,186
Other non-current assets		908,694,823	812,677,583	-	-
Total non-current assets		43,406,678,773	42,009,252,594	3,068,420,074	3,069,315,581
Total assets		51,797,565,154	49,501,800,578	3,078,366,173	3,076,817,202

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2015

	Notes	Consolidated		Company	
		Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		202,450,392	175,170,833	-	-
Other accounts payable		152,292,957	192,155,392	-	-
Amounts due to related parties	11.5	371,429,889	472,709,254	-	-
Deferred revenues		3,799,227,622	4,629,227,573	-	-
Accrued expenses		1,357,646,420	1,372,431,680	300,000	1,000,000
Current portion of finance lease liabilities	8	1,133,419,713	959,006,292	-	-
Other current liabilities		29,236,746	64,050,869	1,312,727	2,723,961
Total current liabilities		7,045,703,739	7,864,751,893	1,612,727	3,723,961
Non-current liabilities					
Finance lease liabilities	8	12,799,912,655	11,117,961,859	-	-
Deferred tax liabilities, net		3,465,241,657	3,345,639,796	-	-
Employee benefit obligations		178,637,212	157,547,925	-	-
Total non-current liabilities		16,443,791,524	14,621,149,580	-	-
Total liabilities		23,489,495,263	22,485,901,473	1,612,727	3,723,961

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2015

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 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	485,000,000	485,000,000	485,000,000	485,000,000
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)	17,161,743,617	16,449,402,593	(8,054,828)	(11,715,033)
Equity attributable to owners of the parent	20,246,551,891	19,534,210,867	3,076,753,446	3,073,093,241
Non-controlling interests	8,061,518,000	7,481,688,238	-	-
Total shareholders' equity	28,308,069,891	27,015,899,105	3,076,753,446	3,073,093,241
Total liabilities and shareholders' equity	51,797,565,154	49,501,800,578	3,078,366,173	3,076,817,202

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2015

	Notes	Consolidated		Company	
		Unaudited 2015 Baht	Unaudited 2014 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Revenues from sales and services		6,884,952,805	5,460,934,461	6,250,000	6,250,000
Cost of sales of goods and services		(6,041,353,414)	(5,583,553,214)	-	-
Gross profit (loss)		843,599,391	(122,618,753)	6,250,000	6,250,000
Net gain on exchange rates		-	40,504,831	-	-
Other income		188,805,424	209,454,832	726,856	593,972
Profit before expenses		1,032,404,815	127,340,910	6,976,856	6,843,972
Selling expenses		(307,726,428)	(292,055,274)	-	-
Administrative expenses		(192,263,827)	(192,798,058)	(4,427,460)	(5,668,537)
Net loss on exchange rates		(83,618,999)	-	-	-
Profit (loss) before finance costs, share of loss from investment in an associate and income tax		448,795,561	(357,512,422)	2,549,396	1,175,435
Finance costs		(143,300,970)	(64,569,277)	-	-
Profit (loss) before share of loss from investment in an associate and income tax		305,494,591	(422,081,699)	2,549,396	1,175,435
Share of loss from investment in an associate		(91,763)	-	-	-
Profit (loss) before income tax		305,402,828	(422,081,699)	2,549,396	1,175,435
Income tax	9	66,681,367	100,708,304	(509,879)	(235,087)
Net profit (loss) for the period		372,084,195	(321,373,395)	2,039,517	940,348
Total comprehensive income (expense) for the period		372,084,195	(321,373,395)	2,039,517	940,348
Net profit (loss) for the period attributable to:					
Owners of the parent		205,927,996	(176,332,210)	2,039,517	940,348
Non-controlling interests		166,156,199	(145,041,185)	-	-
		372,084,195	(321,373,395)	2,039,517	940,348
Earnings (loss) per share					
Basic earnings (loss) per share	10	0.0425	(0.0364)	0.0004	0.0002

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the six-month period ended 30 June 2015

	Notes	Consolidated		Company	
		Unaudited 2015 Baht	Unaudited 2014 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Revenues from sales and services		14,619,128,937	11,920,808,727	12,500,000	12,500,000
Cost of sales of goods and services		(12,197,306,212)	(11,449,209,528)	-	-
Gross profit		2,421,822,725	471,599,199	12,500,000	12,500,000
Net gain on exchange rates		-	23,920,970	-	-
Other income		387,126,017	383,090,576	726,856	593,972
Profit before expenses		2,808,948,742	878,610,745	13,226,856	13,093,972
Selling expenses		(678,705,456)	(510,606,945)	-	-
Administrative expenses		(397,925,944)	(362,191,543)	(8,651,600)	(8,240,228)
Net loss on exchange rates		(68,928,108)	-	-	(8,172)
Profit before finance costs, share of loss from investment in an associate and income tax		1,663,389,234	5,812,257	4,575,256	4,845,572
Finance costs		(251,434,550)	(118,539,858)	-	-
Profit (loss) before share of loss from investment in an associate and income tax		1,411,954,684	(112,727,601)	4,575,256	4,845,572
Share of loss from investment in an associate		(182,038)	-	-	-
Profit (loss) before income tax		1,411,772,646	(112,727,601)	4,575,256	4,845,572
Income tax	9	(119,601,860)	38,297,691	(915,051)	3,097,859
Net profit (loss) for the period		1,292,170,786	(74,429,910)	3,660,205	7,943,431
Total comprehensive income (expense) for the period		1,292,170,786	(74,429,910)	3,660,205	7,943,431
Net profit (loss) for the period attributable to:					
Owners of the parent		712,341,024	(37,361,906)	3,660,205	7,943,431
Non-controlling interests		579,829,762	(37,068,004)	-	-
		1,292,170,786	(74,429,910)	3,660,205	7,943,431
Earnings (loss) per share					
Basic earnings (loss) per share	10	0.1469	(0.0077)	0.0008	0.0016

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Changes in Shareholders' Equity
For the six-month period ended 30 June 2015

	Consolidated					Total shareholders' equity Baht
	Attributable to owners of the parent			Total owners of the parent Baht	Non- controlling interests Baht	
	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings Baht			
Opening balance as at 1 January 2014 (Audited)	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 expense for the period	-	-	(37,361,906)	(37,361,906)	(37,068,004)	(74,429,910)
Closing balance as at 30 June 2014 (Unaudited)	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>16,223,717,438</u>	<u>19,308,525,712</u>	<u>7,292,322,828</u>	<u>26,600,848,540</u>
Opening balance as at 1 January 2015 (Audited)	485,000,000	2,599,808,274	16,449,402,593	19,534,210,867	7,481,688,238	27,015,899,105
Total comprehensive income for the period	-	-	712,341,024	712,341,024	579,829,762	1,292,170,786
Closing balance as at 30 June 2015 (Unaudited)	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>17,161,743,617</u>	<u>20,246,551,891</u>	<u>8,061,518,000</u>	<u>28,308,069,891</u>

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Changes in Shareholders' Equity (Cont'd)
For the six-month period ended 30 June 2015

	Company			
	Issued and paid-up share capital Baht	Premium on share capital Bath	Deficits Baht	Total Baht
Opening balance as at 1 January 2014 (Audited)	485,000,000	2,599,808,274	(23,245,154)	3,061,563,120
Total comprehensive income for the period	-	-	7,943,431	7,943,431
Closing balance as at 30 June 2014 (Unaudited)	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>(15,301,723)</u>	<u>3,069,506,551</u>
Opening balance as at 1 January 2015 (Audited)	485,000,000	2,599,808,274	(11,715,033)	3,073,093,241
Total comprehensive income for the period	-	-	3,660,205	3,660,205
Closing balance as at 30 June 2015 (Unaudited)	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>(8,054,828)</u>	<u>3,076,753,446</u>

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Cash Flows
For the six-month period ended 30 June 2015

	Consolidated		Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	2015	2014	2015	2014
Note	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit (loss) before income tax	1,411,772,646	(112,727,601)	4,575,256	4,845,572
Adjustments for:				
Depreciation	7 553,542,927	355,119,199	1,956	-
Amortisation	7 2,552,722	2,780,775	-	-
Amortisation of prepaid expenses	107,785,598	53,075,573	1,093,837	1,029,961
(Gain) loss on disposals of leasehold improvements and equipment	1,916,741	(276,139)	-	-
Employee benefit expenses	21,089,287	18,117,820	-	-
Net (gain) loss on exchange rates	120,506,014	(42,121,567)	-	8,172
Net gain on fair value adjustment in investments in private funds	(27,192)	(12,875,053)	-	-
Share of loss from investment in an associate	182,038	-	-	-
Finance costs	251,434,550	118,539,858	-	-
Interest income	(56,457,255)	(90,145,042)	(6,856)	(3,785)
	2,414,298,076	289,487,823	5,664,193	5,879,920
Changes in operating assets and liabilities:				
- Trade and other receivables	29,191,389	22,807,854	-	(160,500)
- Amounts due from related parties	(304,717,951)	(313,518,304)	-	(6,250,000)
- Inventories	(23,414,704)	(2,121,283)	-	-
- Prepaid expenses	(316,807,875)	(59,546,826)	(233,921)	(223,148)
- Value added tax receivable	31,617,533	(51,700,245)	-	(239,325)
- Other current assets	(3,099,305)	(7,002,617)	(1,084,975)	(190,537)
- Other non-current assets	(96,017,240)	26,400,226	-	-
- Trade accounts payable	27,279,558	13,954,008	-	-
- Other accounts payable	(39,862,435)	7,982,586	-	-
- Amounts due to related parties	(101,279,365)	(60,778,169)	-	622,988
- Deferred revenues	(829,999,951)	(477,618,884)	-	-
- Accrued expenses	(34,845,400)	(196,505,415)	(700,000)	(44,376)
- Other current liabilities	(34,814,123)	1,839,708	(1,411,234)	322,118
Cash generated from (used in) operating activities	717,528,207	(806,319,538)	2,234,063	(282,860)
Income tax paid	(3,608,078)	(121,337,624)	-	-
Interest received	18,141,302	13,166,977	6,856	3,785
Net cash generated from (used in) operating activities	732,061,431	(914,490,185)	2,240,919	(279,075)

The accompanying notes are an integral part of these interim financial information.

Asia Aviation Public Company Limited
Statement of Cash Flows (Cont'd)
For the six-month period ended 30 June 2015

	Consolidated		Company	
	Unaudited 2015 Baht	Unaudited 2014 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Cash flows from investing activities				
Decrease (increase) in cash at financial institutions pledged as security	(247,785,308)	175,150,124	-	-
Decrease (increase) in short-term investments	(29,442,285)	715,735,452	-	-
Decrease in investments in private funds	10,507,428	985,283,056	-	-
Decrease in long-term investments	500,000,000	26,425,000	-	-
Payment for investment in an associate	(2,500,000)	-	-	-
Proceeds from disposals of leasehold improvements and equipment	1,490,418	357,230	-	-
Payments for aircraft, leasehold improvements and equipment	(738,058,725)	(372,438,428)	(21,500)	-
Payments for intangible assets	7 (4,167,282)	(4,618,942)	-	-
Interest received	79,909,763	63,201,673	-	-
Net cash generated from (used in) investing activities	(430,045,991)	1,589,095,165	(21,500)	-
Cash flows from financing activities				
Repayments of finance leases	(486,102,215)	(293,565,786)	-	-
Interest paid	(235,490,097)	(128,263,477)	-	-
Net cash used in financing activities	(721,592,312)	(421,829,263)	-	-
Net increase (decrease) in cash and cash equivalents	(419,576,872)	252,775,717	2,219,419	(279,075)
Cash and cash equivalents at the beginning of the period	4,789,064,903	1,958,637,392	5,632,235	2,082,971
Exchange gain (loss) on cash and cash equivalents	50,877,092	(13,261,385)	-	(8,172)
Cash and cash equivalents at the end of the period	<u>4,420,365,123</u>	<u>2,198,151,724</u>	<u>7,851,654</u>	<u>1,795,724</u>

Non-cash transactions

Significant non-cash transactions during the six-month period ended 30 June 2015 and 2014 are as follows:

Purchases of aircraft spare parts which have not been paid	36,772,443	616,306	-	-
Purchases of aircraft under finance lease agreements	2,113,694,235	1,051,990,107	-	-

The accompanying notes are an integral part of these interim financial information.

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 subsidiaries 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% (2014: 55%).

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

These interim consolidated and company financial information were approved by the Board of Directors on 11 August 2015.

These interim consolidated and company financial information have been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

These interim consolidated and company financial information were prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial information (i.e. statement of financial position, statements of comprehensive income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34 (revised 2014), “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the consolidated and company financial statements for the year ended 31 December 2014.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the consolidated and company financial statements for the year ended 31 December 2014.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised accounting standards

New financial reporting standards and revised accounting standards, which are expected to have significant change effective on 1 January 2015 and are relevant to the Group, are as follows:

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 28 (revised 2014)	Investments in associates and joint ventures
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. This standard has no impact to the Group.

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. This standard has no impact to the Group.

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

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method.

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. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

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

New financial reporting standards and revised accounting standards, which are expected to have significant change effective on 1 January 2015 and are relevant to the Group, are as follows: (Cont'd)

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. This standard has no impact to the Group, except for disclosures.

The Group's management has assessed and determined that the new financial reporting standards and revised accounting standards do not have impact to the consolidated and company financial information being presented.

2.3 Revised accounting policies

2.3.1 Investment in an associate

On 17 March 2015, Thai AirAsia Co., Ltd., a subsidiary acquired 50% shareholding of Technology Asia Pacific Company Limited. The acquisition comprises 2,000,000 capital shares at the par value of Baht 5.00 per share, totalling Baht 10 million. As of 30 June 2015, the subsidiary paid up 25% or equivalent to Baht 2.50 million.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investments in associates are accounted for using the cost method.

A list of the Group's principal associate is set out in Note 6.

2 Accounting policies (Cont'd)

2.3 Revised accounting policies (Cont'd)

2.3.2 Investment in a subsidiary

The accounting policies for investment in a subsidiary used in the interim financial information are consistent with those used in the financial statements for the year ended 31 December 2014, except revise by the TFRS 10 as follows:

The Group prepares consolidated financial statements by consolidating the financial statements of entities under the Group's control, regardless of the nature of involvement with the Group. The Group controls an entity if and only if the Group has all the following:

- Power over the entity
- Exposure, or rights, to variable returns from the involvement with the entity
- The ability to use the power over the entity to affect the amount of the Group's returns

At present, the Group has controls over a subsidiary, so there is no effect of the revised accounting policies to the consolidated financial information.

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and company financial statements for the year ended 31 December 2014.

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4 Segment information

Financial information by business segments

	Consolidated				
	For the three-month period ended 30 June 2015 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	6,355,200,557	529,752,248	6,250,000	(6,250,000)	6,884,952,805
Profit from operation	228,595,685	118,257,557	1,822,540	-	348,675,782
Unallocated costs					(5,066,646)
Other income					188,805,424
Net loss on exchange rates					(83,618,999)
Finance costs					(143,300,970)
Profit before share of loss from investment in an associate and income tax					305,494,591
Share of loss from investment in an associate					(91,763)
Income tax					66,681,367
Net profit for the period					372,084,195
Consolidated total assets					51,797,565,154

	Consolidated				
	For the three-month period ended 30 June 2014 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	5,264,276,589	196,657,872	6,250,000	(6,250,000)	5,460,934,461
Profit (loss) from operation	(592,924,700)	(9,249,101)	581,464	-	(601,592,337)
Unallocated costs					(5,879,748)
Net gain on exchange rates					40,504,831
Other income					209,454,832
Finance costs					(64,569,277)
Loss before income tax					(422,081,699)
Income tax					100,708,304
Net loss for the period					(321,373,395)
Consolidated total assets					44,703,602,233

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4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	Consolidated				
	For the six-month period ended 30 June 2015 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	13,586,944,860	1,032,184,077	6,250,000	(6,250,000)	14,619,128,937
Profit from operation	1,128,449,010	223,238,418	3,848,400	-	1,355,535,828
Unallocated costs					(10,344,503)
Other income					387,126,017
Net loss on exchange rates					(68,928,108)
Finance costs					(251,434,550)
Profit before share of loss from investment in an associate and income tax					1,411,954,684
Share of loss from investment in an associate					(182,038)
Income tax					(119,601,860)
Net profit for the period					<u>1,292,170,786</u>
Consolidated total assets					51,797,565,154

	Consolidated				
	For the six-month period ended 30 June 2014 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	11,535,832,584	384,976,143	12,500,000	(12,500,000)	11,920,808,727
Profit (loss) from operation	(414,887,190)	21,201,379	4,259,772	-	(389,426,039)
Unallocated costs					(11,773,250)
Net gain on exchange rates					23,920,970
Other income					383,090,576
Finance costs					(118,539,858)
Loss before income tax					(112,727,601)
Income tax					38,297,691
Net loss for the period					<u>(74,429,910)</u>
Consolidated total assets					44,703,602,233

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.

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4 Segment information (Cont'd)

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 information. Net gain (loss) on exchange rates, other income, finance costs, share of gain (loss) from investment in an associate and income tax 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.

5 Trade and other receivables, net

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Trade accounts receivable	276,730,208	255,647,615	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable, net	276,730,208	255,647,615	-	-
Accrued airport incentive	183,943,423	253,027,273	-	-
Accrued income	86,524,564	111,865,263	-	-
Other accounts receivable	13,587,222	10,474,513	-	-
Total trade and other receivables, net	<u>560,785,417</u>	<u>631,014,664</u>	-	-

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

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Up to 3 months	259,025,314	216,357,455	-	-
3 - 6 months	2,139,850	3,881,108	-	-
6 - 12 months	1,444,749	12,291,770	-	-
Over 12 months	14,120,295	23,117,282	-	-
Total trade accounts receivable	276,730,208	255,647,615	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Total trade accounts receivable, net	<u>276,730,208</u>	<u>255,647,615</u>	-	-

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6 Investments in a subsidiary and an associate

The investments of the Group are as follows:

	Country of incorporation	Percentage of Shareholding and voting rights		Consolidated Equity method		Company Cost method	
		Unaudited 30 June 2015 Percent	Audited 31 December 2014 Percent	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
A Subsidiary							
Thai AirAsia Co., Ltd.	Thai	55	55	-	-	3,067,114,370	3,067,114,370
An Associate							
Technology Asia Pacific Co., Ltd.	Thai	50	-	2,317,962	-	-	-

On 17 March 2015, Thai AirAsia Co., Ltd., a subsidiary acquired 50% shareholding of Technology Asia Pacific Co., Ltd. The acquisition comprises 2,000,000 capital shares at the par value of Baht 5 per share, totalling Baht 10 million. As of 30 June 2015, the subsidiary paid up 25% or equivalent to Baht 2.50 million.

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7 Aircraft, leasehold improvements, equipment and intangible assets, net

	Consolidated				Company	
	Aircraft, leasehold improvements and equipment Baht	Intangible assets			Leasehold improvements and equipment Baht	Computer software Baht
Computer software and computer software under installation Baht		Landing rights Baht	Total Baht			
For the six-month period ended 30 June 2015						
Opening net book amount (Audited)	16,033,305,083	11,983,340	14,856,000,000	14,867,983,340	24	1
Additions	2,892,303,973	4,167,282	-	4,167,282	21,500	-
Disposals, net	(3,407,159)	-	-	-	-	-
Depreciation/amortisation	(553,542,927)	(2,552,722)	-	(2,552,722)	(1,956)	-
Closing net book amount (Unaudited)	18,368,658,970	13,597,900	14,856,000,000	14,869,597,900	19,568	1

Significant additions in consolidated financial information for the six-month period ended 30 June 2015 are aircraft acquired under finance leases and related spare parts of Baht 2,846.26 million.

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8 Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Within 1 year	1,613,813,929	1,365,914,441	-	-
Later than 1 year but not later than 5 years	6,422,462,514	5,451,922,249	-	-
Later than 5 years	8,750,113,777	7,737,871,073	-	-
<u>Less</u> Future finance charges on finance leases	(2,853,057,852)	(2,478,739,612)	-	-
	13,933,332,368	12,076,968,151	-	-
Representing lease liabilities:				
- Current portion	1,133,419,713	959,006,292	-	-
- Non-current portion	12,799,912,655	11,117,961,859	-	-
	13,933,332,368	12,076,968,151	-	-

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Within 1 year	1,580,532,463	1,338,730,452	-	-
Later than 1 year but not later than 5 years	5,748,459,485	4,889,550,263	-	-
Later than 5 years	6,604,340,420	5,848,687,436	-	-
	13,933,332,368	12,076,968,151	-	-

During the quarter ended 30 June 2015, the Group entered into two Aircraft Finance Lease Agreements. The lease period of each Aircraft is 12 years, with a purchase option from the lessor at the end of the lease period.

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9 Income tax

	Consolidated		Company	
	For the three-month periods ended 30 June (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Current tax:				
Current tax on loss for the period	-	(41,107,510)	-	-
Deferred tax:				
- Deferred tax assets	(74,119,987)	(61,764,557)	509,879	235,087
- Deferred tax liabilities	7,438,620	2,163,763	-	-
Total income tax	(66,681,367)	(100,708,304)	509,879	235,087

	Consolidated		Company	
	For the six-month periods ended 30 June (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Current tax:				
Current tax on loss for the period	-	(34,920,944)	-	-
Deferred tax:				
- Deferred tax assets	(155,392,324)	(144,999,944)	915,051	(3,097,859)
- Deferred tax liabilities	274,994,184	141,623,197	-	-
Total income tax	119,601,860	(38,297,691)	915,051	(3,097,859)

10 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 period.

	Consolidated		Company	
	For the three-month periods ended 30 June (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht)	205,927,996	(176,332,210)	2,039,517	940,348
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 per share)	0.0425	(0.0364)	0.0004	0.0002
	Consolidated		Company	
	For the six-month periods ended 30 June (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht)	712,341,024	(37,361,906)	3,660,205	7,943,431
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 per share)	0.1469	(0.0077)	0.0008	0.0016

11 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.

Major shareholders of the Company are the management of the Company. The remaining shares are widely held.

For reporting purposes, AirAsia Berhad who held 45% of the shares of Thai AirAsia 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:

11.1 Income

	Consolidated		Company	
	For the three-month periods		ended 30 June (Unaudited)	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Other related parties				
Interest income	663,903	1,217,004	-	-
Other administrative fee	11,907,846	-	-	-
Subsidiary				
Management fee	-	-	6,250,000	6,250,000
	Consolidated		Company	
	For the six-month periods		ended 30 June (Unaudited)	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Other related parties				
Interest income	1,602,868	2,358,356	-	-
Other administrative fee	20,762,969	-	-	-
Subsidiary				
Management fee	-	-	12,500,000	12,500,000

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11 Related party transactions (Cont'd)

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

11.2 Purchases of goods, services and expenses with other related parties

	Consolidated		Company	
	For the three-month periods ended 30 June (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Share of (gain) loss from fuel price swap agreements	170,202,766	(14,186,795)	-	-
Share of staff costs for accounting and other services	11,092,648	7,417,900	-	-
Aircraft rental	984,149,526	939,507,312	-	-
Aircraft repair and maintenance	424,631,286	383,011,245	-	-
Purchases of merchandises and equipment	67,808,585	29,952,325	-	-
Management fee expenses	4,032,944	3,918,852	-	-
Booking fee expenses	28,628,078	23,819,548	-	-
Pilot training expenses	19,479,887	8,898,612	-	-
Brand license fee expenses	70,412,398	56,974,597	-	-

	Consolidated		Company	
	For the six-month periods ended 30 June (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Share of (gain) loss from fuel price swap agreements	553,679,743	(22,057,190)	-	-
Share of staff costs for accounting and other services	21,834,093	12,199,452	-	-
Aircraft rental	1,930,276,604	1,874,867,028	-	-
Aircraft repair and maintenance	806,689,985	777,893,190	-	-
Purchases of merchandises and equipment	146,178,195	68,702,187	-	-
Management fee expenses	7,956,672	7,830,764	-	-
Booking fee expenses	60,480,151	51,023,880	-	-
Pilot training expenses	42,789,867	37,934,267	-	-
Brand license fee expenses	149,234,510	122,820,958	-	-

11.3 Management remunerations

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

	Consolidated		Company	
	For the three-month periods ended 30 June (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Salaries and other short-term employee benefits	15,774,812	19,864,275	1,750,000	1,750,000
Retirement benefits	1,315,523	1,252,550	-	-
	<u>17,090,335</u>	<u>21,116,825</u>	<u>1,750,000</u>	<u>1,750,000</u>

11 Related party transactions (Cont'd)

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

11.3 Management remunerations (Cont'd)

	Consolidated		Company	
	For the six-month periods ended 30 June (Unaudited)			
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Salaries and other short-term employee benefits	40,569,515	54,768,453	3,747,500	2,790,000
Retirement benefits	2,733,482	2,505,102	-	-
	<u>43,302,997</u>	<u>57,273,555</u>	<u>3,747,500</u>	<u>2,790,000</u>

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

11.4 Amounts due from related parties

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
	Other related parties	<u>372,636,098</u>	<u>68,162,932</u>	<u>-</u>

Amounts due from related parties have been charged with the interest for overdue amount at 6% per annum (2014: 6% per annum).

11.5 Amounts due to related parties

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
	Other related parties	<u>371,429,889</u>	<u>472,709,254</u>	<u>-</u>

11.6 Other non-current assets

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
	Other related parties			
Aircraft rental deposits	667,210,050	630,333,888	-	-
Fuel price swap deposit	16,772,500	16,406,400	-	-
	<u>683,982,550</u>	<u>646,740,288</u>	<u>-</u>	<u>-</u>

12 Net fair value of financial instruments

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	
	Unaudited 30 June 2015 US Dollars	Audited 31 December 2014 US Dollars	Unaudited 30 June 2015 US Dollars	Audited 31 December 2014 US Dollars
Unfavourable fuel price swap agreements	(6,406,909)	(27,322,704)	-	-

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	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Unfavourable forward foreign exchange contracts	(12,002,025)	(13,115,208)	-	-

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 agreements

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

	Consolidated		Company	
	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 June 2015 Baht	Audited 31 December 2014 Baht
Favourable (unfavourable) interest rate swap agreements	662,701	(25,340,152)	-	-

13 Commitments

For the six-month period ended 30 June 2015, there were no significant changes in commitments or contingent liabilities from the year ended 31 December 2014 (please see consolidated and company financial statements for the year ended 31 December 2014).

As at 30 June 2015, the Group had the future aggregate minimum lease payments in respect of non-cancellable aircraft operating lease agreements made with AirAsia (Mauritius) Limited, a related company and insurance agreements of aircraft and aircraft engine as follows:

	Consolidated			
	Unaudited		Audited	
	30 June 2015		31 December 2014	
	Rental	Insurance	Rental	Insurance
	US Dollars	agreements	US Dollars	agreements
		US Dollars		US Dollars
Within 1 year	119,340,000	994,377	115,260,000	2,993,762
Later than 1 year but not later than 5 years	467,118,904	-	459,325,479	-
Later than 5 years	240,123,123	-	275,132,384	-
Total	826,582,027	994,377	849,717,863	2,993,762

14 Guarantees

As at 30 June 2015, 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 137.54 million (as at 31 December 2014: Baht 99.29 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.

15 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					
	Unaudited			Audited		
	30 June 2015			31 December 2014		
	Baht	US	Indian	Baht	US	Indian
	million	Dollars	Rupee	million	Dollars	Rupee
		million	million		million	million
Guarantees relating to flight operating activities	7.90	0.09	12.38	7.90	0.09	12.38
Guarantees relating to maintenance reserve fund	-	19.96	-	-	9.59	-
Total	7.90	20.05	12.38	7.90	9.68	12.38

15 Letters of guarantee (Cont'd)

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

	Consolidated			
	Unaudited		Audited	
	30 June 2015		31 December 2014	
	Baht million	Indian Rupee million	Baht million	Indian Rupee million
Saving account	418.82	-	171.01	-
Current account	-	12.68	-	12.68
Total	418.82	12.68	171.01	12.68

16 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 authorised and paid-up share capital shall not less than Baht 435.50 million.

As at 30 June 2015, the subsidiary had received 15 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2014: 12 aircraft).

17 Subsequent events

On 20 July 2015, Thai AirAsia Company Limited, its subsidiary accepted the delivery of one additional Airbus A320-216 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. This aircraft is acquired under operating lease agreement for period of 10 years.

On 11 August 2015, the Board of Directors of Thai AirAsia Co., Ltd., a subsidiary passed a resolution to propose the interim dividend at Baht 22 per share, totalling of Baht 958.22 million.