

ASIA AVIATION PUBLIC COMPANY LIMITED

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

30 SEPTEMBER 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 September 2015, the related consolidated and company statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated and company statements of changes in shareholders' equity and cash flows for the nine-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 'จันทชัย ไชยประสิทธิ์' (Chanchai Chaiprasit).

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

Bangkok
6 November 2015

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

	Notes	Consolidated		Company	
		Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Assets					
Current assets					
Cash and cash equivalents		4,809,921,533	4,789,064,903	74,076,449	5,632,235
Cash at financial institutions pledged as security		4,835,625	6,109,410	-	-
Short-term investments		1,112,045,104	1,492,718,615	-	-
Current portion of long-term investments		849,465,000	-	-	-
Investments in private funds		-	10,480,236	-	-
Trade and other receivables, net	5	450,596,722	631,014,664	-	-
Amounts due from related parties	13.4	456,320,425	68,162,932	6,687,500	-
Inventories		133,157,257	96,845,864	-	-
Prepaid expenses		268,132,553	270,989,534	1,471,875	967,691
Value added tax receivable, net		23,181,256	86,822,474	-	-
Other current assets		59,003,132	40,339,352	1,679,436	901,695
Total current assets		8,166,658,607	7,492,547,984	83,915,260	7,501,621
Non-current assets					
Cash at financial institutions pledged as security		431,626,825	171,192,685	-	-
Long-term investments		13,291,300	1,299,268,100	-	-
Investment in an associate	6	2,012,362	-	-	-
Investment in a subsidiary	6	-	-	3,067,114,370	3,067,114,370
Aircraft, leasehold improvements and equipment, net	7	18,421,837,789	16,033,305,083	18,485	24
Intangible assets, net	7	14,868,754,276	14,867,983,340	1	1
Goodwill		8,824,825,803	8,824,825,803	-	-
Deferred tax assets, net		-	-	1,786,019	2,201,186
Other non-current assets		994,393,201	812,677,583	-	-
Total non-current assets		43,556,741,556	42,009,252,594	3,068,918,875	3,069,315,581
Total assets		51,723,400,163	49,501,800,578	3,152,834,135	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 September 2015

		Consolidated		Company	
		Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		214,545,376	175,170,833	-	-
Other accounts payable		220,397,524	192,155,392	-	-
Amounts due to related parties	13.5	447,337,332	472,709,254	-	-
Deferred revenues		3,767,064,912	4,629,227,573	-	-
Accrued expenses		1,378,016,446	1,372,431,680	2,774,999	1,000,000
Current portion of finance lease liabilities	8	1,267,472,068	959,006,292	-	-
Other current liabilities		59,640,476	64,050,869	31,422,530	2,723,961
Total current liabilities		7,354,474,134	7,864,751,893	34,197,529	3,723,961
Non-current liabilities					
Finance lease liabilities	8	13,131,158,177	11,117,961,859	-	-
Deferred tax liabilities, net		3,486,669,665	3,345,639,796	-	-
Employee benefit obligations		189,181,862	157,547,925	-	-
Total non-current liabilities		16,807,009,704	14,621,149,580	-	-
Total liabilities		24,161,483,838	22,485,901,473	34,197,529	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 September 2015

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 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 earning (Deficits)				
Appropriated				
Legal reserve	12 24,250,000	-	24,250,000	-
Unappropriated	16,745,956,688	16,449,402,593	9,578,332	(11,715,033)
Equity attributable to owners of the parent	19,855,014,962	19,534,210,867	3,118,636,606	3,073,093,241
Non-controlling interests	7,706,901,363	7,481,688,238	-	-
Total shareholders' equity	27,561,916,325	27,015,899,105	3,118,636,606	3,073,093,241
Total liabilities and shareholders' equity	51,723,400,163	49,501,800,578	3,152,834,135	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 September 2015

	Notes	Consolidated		Company	
		Unaudited	Unaudited	Unaudited	Unaudited
		2015	2014	2015	2014
		Baht	Baht	Baht	Baht
Revenues from sales and services		7,254,198,090	5,558,593,859	6,250,000	6,250,000
Cost of sales of goods and services		(6,354,107,424)	(5,620,953,558)	-	-
Gross profit (loss)		900,090,666	(62,359,699)	6,250,000	6,250,000
Net gain on exchange rates		-	84,424,201	-	-
Other income	6	201,100,564	196,763,606	527,022,166	59
Profit before expenses		1,101,191,230	218,828,108	533,272,166	6,250,059
Selling expenses		(366,241,027)	(334,335,453)	-	-
Administrative expenses		(225,400,957)	(162,765,278)	(8,749,420)	(2,692,513)
Net loss on exchange rates		(231,423,906)	-	-	-
Profit (loss) before finance costs, share of loss from investment in an associate and income tax		278,125,340	(278,272,623)	524,522,746	3,557,546
Finance costs		(88,205,673)	(87,137,113)	-	-
Profit (loss) before share of loss from investment in an associate and income tax		189,919,667	(365,409,736)	524,522,746	3,557,546
Share of loss from investment in an associate		(305,600)	-	-	-
Profit (loss) before income tax		189,614,067	(365,409,736)	524,522,746	3,557,546
Income tax	9	(21,428,009)	(17,011,285)	499,884	(711,510)
Net profit (loss) for the period		168,186,058	(382,421,021)	525,022,630	2,846,036
Total comprehensive income (expense) for the period		168,186,058	(382,421,021)	525,022,630	2,846,036
Net profit (loss) for the period attributable to:					
Owners of the parent		91,602,541	(209,050,846)	525,022,630	2,846,036
Non-controlling interests		76,583,517	(173,370,175)	-	-
		168,186,058	(382,421,021)	525,022,630	2,846,036
Earnings (loss) per share					
Basic earnings (loss) per share	10	0.0189	(0.0431)	0.1083	0.0006

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 nine-month period ended 30 September 2015

	Notes	Consolidated		Company	
		Unaudited 2015 Baht	Unaudited 2014 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Revenues from sales and services		21,873,327,027	17,479,402,586	18,750,000	18,750,000
Cost of sales of goods and services		(18,551,413,636)	(17,070,163,086)	-	-
Gross profit		3,321,913,391	409,239,500	18,750,000	18,750,000
Net gain on exchange rates		-	108,345,171	-	-
Other income	6	588,226,581	579,854,182	527,749,022	594,031
Profit before expenses		3,910,139,972	1,097,438,853	546,499,022	19,344,031
Selling expenses		(1,044,946,483)	(844,942,398)	-	-
Administrative expenses		(623,326,901)	(524,956,821)	(17,401,020)	(10,932,741)
Net loss on exchange rates		(300,352,014)	-	-	(8,172)
Profit (loss) before finance costs, share of loss from investment in an associate and income tax		1,941,514,574	(272,460,366)	529,098,002	8,403,118
Finance costs		(339,640,223)	(205,676,971)	-	-
Profit (loss) before share of loss from investment in an associate and income tax		1,601,874,351	(478,137,337)	529,098,002	8,403,118
Share of loss from investment in an associate		(487,638)	-	-	-
Profit (loss) before income tax		1,601,386,713	(478,137,337)	529,098,002	8,403,118
Income tax	9	(141,029,869)	21,286,406	(415,167)	2,386,349
Net profit (loss) for the period		1,460,356,844	(456,850,931)	528,682,835	10,789,467
Total comprehensive income (expense) for the period		1,460,356,844	(456,850,931)	528,682,835	10,789,467
Net profit (loss) for the period attributable to:					
Owners of the parent		803,943,565	(246,412,752)	528,682,835	10,789,467
Non-controlling interests		656,413,279	(210,438,179)	-	-
		1,460,356,844	(456,850,931)	528,682,835	10,789,467
Earnings (loss) per share					
Basic earnings (loss) per share	10	0.1658	(0.0508)	0.1090	0.0022

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 nine-month period ended 30 September 2015

Consolidated							
Attributable to owners of the parent							
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total owners of the parent	Non- controlling interests	Total shareholders' equity
	Baht	Baht	Appropriated - legal reserve Baht	Unappropriated Baht	Baht	Baht	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	-	-	-	(246,412,752)	(246,412,752)	(210,438,179)	(456,850,931)
Closing balance as at 30 September 2014 (Unaudited)	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>-</u>	<u>16,014,666,592</u>	<u>19,099,474,866</u>	<u>7,118,952,653</u>	<u>26,218,427,519</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	-	-	-	803,943,565	803,943,565	656,413,279	1,460,356,844
Dividends	11	-	-	(483,139,470)	(483,139,470)	(431,200,154)	(914,339,624)
Legal reserve	12	-	24,250,000	(24,250,000)	-	-	-
Closing balance as at 30 September 2015 (Unaudited)	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>24,250,000</u>	<u>16,745,956,688</u>	<u>19,855,014,962</u>	<u>7,706,901,363</u>	<u>27,561,916,325</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 nine-month period ended 30 September 2015

	Notes	Company				Total Baht
		Issued and paid-up share capital Baht	Premium on share capital Bath	Retained earnings (deficits)		
				Appropriated - legal reserve Baht	Unappropriated 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		-	-	-	10,789,467	10,789,467
Closing balance as at 30 September 2014 (Unaudited)		<u>485,000,000</u>	<u>2,599,808,274</u>	<u>-</u>	<u>(12,455,687)</u>	<u>3,072,352,587</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		-	-	-	528,682,835	528,682,835
Dividends	11	-	-	-	(483,139,470)	(483,139,470)
Legal reserve	12	-	-	24,250,000	(24,250,000)	-
Closing balance as at 30 September 2015 (Unaudited)		<u>485,000,000</u>	<u>2,599,808,274</u>	<u>24,250,000</u>	<u>9,578,332</u>	<u>3,118,636,606</u>

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 nine-month period ended 30 September 2015

	Notes	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		(258,918,263)	175,364,332	-	-
Decrease in short-term investments		409,578,602	1,401,303,255	-	-
Decrease in investments in private funds		10,507,428	1,005,033,057	-	-
Decrease in long-term investments		498,836,800	17,704,500	-	-
Payments for investments in an associate	6	(2,500,000)	-	-	-
Proceeds from disposals of leasehold improvements and equipment		1,497,261	385,286	-	-
Payments for aircraft, leasehold improvements and equipment		(794,740,810)	(1,169,295,276)	(21,500)	-
Payments for intangible assets	7	(4,414,731)	(4,591,455)	-	-
Interest received		101,819,607	104,824,419	-	-
Dividends received	6	-	-	527,022,166	-
Net cash generated from (used in) investing activities		(38,334,106)	1,530,728,118	527,000,666	-
Cash flows from financing activities					
Repayments of finance leases		(766,306,954)	(485,317,894)	-	-
Interest paid		(411,137,180)	(214,804,920)	-	-
Dividends paid to Group shareholders	11	(483,139,470)	-	(483,139,470)	-
Dividends paid to non-controlling interests	6	(431,200,154)	-	-	-
Net cash used in financing activities		(2,091,783,758)	(700,122,814)	(483,139,470)	-
Net increase (decrease) in cash and cash equivalents		(136,779,617)	392,870,776	68,444,214	1,413,204
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		157,636,247	(20,200,149)	-	(8,172)
Cash and cash equivalents at the end of the period		4,809,921,533	2,331,308,019	74,076,449	3,488,003

Non-cash transactions

Significant non-cash transactions during the nine-month periods ended 30 September 2015 and 2014 are as follows:

Purchases of aircraft spare parts which have not been paid	68,331,256	2,715,126	-	-
Purchases of aircraft and aircraft engine under finance lease agreements	2,318,695,692	4,329,620,440	-	-

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 subsidiary is 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 6 November 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, revised accounting standards and revised financial reporting standards

- a) 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, revised accounting standards and revised financial reporting standards (Cont'd)

- a) 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.

- b) Revised financial reporting standards and revised accounting standards, which are expected to have significant change effective on 1 January 2016 and are relevant to the Group, are as follows:

TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate Financial Statements

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting separate financial statements as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss.

The Group has not yet early adopted these revised standards. The Group's management has assessed and considered that the above revised standards will not have a material impact on the Group.

2 Accounting policies (Cont'd)

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 per share, totalling Baht 10 million. As of 30 September 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.

2.3.2 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.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

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.

4 Segment information

Financial information by business segments

	Consolidated				
	For the three-month period ended 30 September 2015 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	6,678,901,512	575,296,578	6,250,000	(6,250,000)	7,254,198,090
Profit (loss) from operation	242,049,114	73,820,680	(2,499,420)	-	313,370,374
Unallocated costs					(4,921,692)
Other income					201,100,564
Net loss on exchange rates					(231,423,906)
Finance costs					(88,205,673)
Profit before share of loss from investment in an associate and income tax					189,919,667
Share of loss from investment in an associate					(305,600)
Income tax					(21,428,009)
Net profit for the period					168,186,058
Consolidated total assets					51,723,400,163

	Consolidated				
	For the three-month period ended 30 September 2014 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	5,310,642,549	247,951,310	6,250,000	(6,250,000)	5,558,593,859
Profit (loss) from operation	(577,469,756)	18,366,681	3,557,487	-	(555,545,588)
Unallocated costs					(3,914,842)
Net gain on exchange rates					84,424,201
Other income					196,763,606
Finance costs					(87,137,113)
Loss before income tax					(365,409,736)
Income tax					(17,011,285)
Net loss for the period					(382,421,021)
Consolidated total assets					48,288,504,847

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	Consolidated				
	For the nine-month period ended 30 September 2015 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	20,265,846,372	1,607,480,655	18,750,000	(18,750,000)	21,873,327,027
Profit from operation	1,370,498,124	297,059,098	1,348,980	-	1,668,906,202
Unallocated costs					(15,266,195)
Other income					588,226,581
Net loss on exchange rates					(300,352,014)
Finance costs					(339,640,223)
Profit before share of loss from investment in an associate and income tax					1,601,874,351
Share of loss from investment in an associate					(487,638)
Income tax					(141,029,869)
Net profit for the period					<u>1,460,356,844</u>
Consolidated total assets					51,723,400,163

	Consolidated				
	For the nine-month period ended 30 September 2014 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	16,846,475,133	632,927,453	18,750,000	(18,750,000)	17,479,402,586
Profit (loss) from operation	(992,356,946)	39,568,060	7,817,259	-	(944,971,627)
Unallocated costs					(15,688,092)
Net gain on exchange rates					108,345,171
Other income					579,854,182
Finance costs					(205,676,971)
Loss before income tax					(478,137,337)
Income tax					21,286,406
Net loss for the period					<u>(456,850,931)</u>
Consolidated total assets					48,288,504,847

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.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

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 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Trade accounts receivable	324,975,941	255,647,615	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable, net	324,975,941	255,647,615	-	-
Accrued airport incentive	-	253,027,273	-	-
Accrued income	93,454,530	111,865,263	-	-
Other accounts receivable	32,166,251	10,474,513	-	-
Total trade and other receivables, net	<u>450,596,722</u>	<u>631,014,664</u>	-	-

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

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Up to 3 months	309,915,661	216,357,455	-	-
3 - 6 months	137,310	3,881,108	-	-
6 - 12 months	690,317	12,291,770	-	-
Over 12 months	14,232,653	23,117,282	-	-
Total trade accounts receivable	324,975,941	255,647,615	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Total trade accounts receivable, net	<u>324,975,941</u>	<u>255,647,615</u>	-	-

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

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 September 2015 Percent	Audited 31 December 2014 Percent	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 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	-	2,012,362	-	-	-

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 September 2015, the subsidiary paid up 25% or equivalent to Baht 2.50 million.

At the Board of Directors Meeting held on 11 August 2015, Thai AirAsia Co., Ltd., a subsidiary had approved the payment of interim dividends in respect of the retained earnings which was received promotional privileges from the Board of Investment (“BOI”) as of 30 June 2015 at Baht 22 per share (2014: Nil) for 43,555,560 ordinary shares, totalling Baht 958.22 million (2014: Nil). Asia Aviation Public Company Limited had received dividend income of Baht 527.02 million according to the 55% shareholding on 19 August 2015.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

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

	Consolidated				Company	
	Intangible assets				Intangible assets	
	Aircraft, leasehold improvements and equipment Baht	Computer software and computer installation Baht	Landing rights Baht	Total Baht	Leasehold improvements and equipment Baht	Computer software Baht
For the nine-month period ended 30 September 2015						
Opening net book amount (Audited)	16,033,305,083	11,983,340	14,856,000,000	14,867,983,340	24	1
Additions	3,222,433,300	4,414,731	-	4,414,731	21,500	-
Disposals, net	(3,407,161)	-	-	-	-	-
Depreciation/amortisation	(830,493,433)	(3,643,795)	-	(3,643,795)	(3,039)	-
Closing net book amount (Unaudited)	<u>18,421,837,789</u>	<u>12,754,276</u>	<u>14,856,000,000</u>	<u>14,868,754,276</u>	<u>18,485</u>	<u>1</u>

Significant additions in consolidated financial information for the nine-month period ended 30 September 2015 are aircraft acquired under finance leases and related spare parts of Baht 3,149.02 million.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

8 Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Within 1 year	1,710,732,786	1,365,914,441	-	-
Later than 1 year but not later than 5 years	6,797,840,494	5,451,922,249	-	-
Later than 5 years	8,385,486,455	7,737,871,073	-	-
<u>Less</u> Future finance charges on finance leases	(2,495,429,490)	(2,478,739,612)	-	-
	14,398,630,245	12,076,968,151	-	-
Representing lease liabilities:				
- Current portion	1,267,472,068	959,006,292	-	-
- Non-current portion	13,131,158,177	11,117,961,859	-	-
	14,398,630,245	12,076,968,151	-	-

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Within 1 year	1,678,797,278	1,338,730,452	-	-
Later than 1 year but not later than 5 years	6,150,227,610	4,889,550,263	-	-
Later than 5 years	6,569,605,357	5,848,687,436	-	-
	14,398,630,245	12,076,968,151	-	-

During the quarter ended 30 September 2015, the Group entered into two aircraft finance lease agreements and one aircraft engine finance lease agreement. 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.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

9 Income tax

Income tax expense presented in the consolidated and company statements of comprehensive income is calculated from the taxable net profit at 20% (2014: 20%).

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 September (Unaudited)			
	2015	2014	2015	2014
Net profit (loss) for the period attributable to ordinary of the parent (Baht)	91,602,541	(209,050,846)	525,022,630	2,846,036
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)	0.0189	(0.0431)	0.1083	0.0006
	Consolidated		Company	
	For the nine-month periods ended 30 September (Unaudited)			
	2015	2014	2015	2014
Net profit (loss) for the period attributable to ordinary of the parent (Baht)	803,943,565	(246,412,752)	528,682,835	10,789,467
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)	0.1658	(0.0508)	0.1090	0.0022

The Group has no diluted potential ordinary shares in issue during the periods.

11 Dividends

At the Board of Directors Meeting held on 11 August 2015, The Board of Directors had approved the payment of interim dividend in respect of the operating result for the year 2015 at Baht 0.10 per share (2014: Nil) for 4,850,000,000 ordinary shares, totalling Baht 485 million (2014: Nil). The dividends were paid to the shareholders on 29 September 2015.

12 Legal reserve

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
At 1 January (Audited)	-	-	-	-
Appropriation during the year	24,250,000	-	24,250,000	-
At 30 September (Unaudited)	24,250,000	-	24,250,000	-

The Group had provided legal reserve at 5% of dividend payment. Reserve is non-distributable.

13 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 other related parties.

The following significant transactions were carried out with related parties:

13.1 Income

	Consolidated		Company	
	For the three-month periods ended 30 September (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Other related parties				
Interest income	624,755	1,291,513	-	-
Other administrative fee	13,185,708	-	-	-
Subsidiary				
Management fee	-	-	6,250,000	6,250,000
Dividend income	-	-	527,022,166	-
	Consolidated		Company	
	For the nine-month periods ended 30 September (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Other related parties				
Interest income	2,227,623	3,649,869	-	-
Other administrative fee	33,948,677	-	-	-
Subsidiary				
Management fee	-	-	18,750,000	18,750,000
Dividend income	-	-	527,022,166	-

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information
For the nine-month period ended 30 September 2015

13 Related party transactions (Cont'd)

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

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

	Consolidated		Company	
	For the three-month periods ended 30 September (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Share of loss from fuel swap agreements	298,412,370	22,411,088	-	-
Share of staff costs for accounting and other services	7,714,325	7,587,440	-	-
Aircraft rental	1,073,389,417	931,965,466	-	-
Aircraft repair and maintenance	276,561,239	333,245,672	-	-
Purchases of merchandises and equipment	31,894,944	114,463,034	-	-
Management fee expenses	4,315,756	3,869,756	-	-
Booking fee expenses	33,897,560	24,182,705	-	-
Pilot training expenses	38,716,200	40,211,516	-	-
Brand license fee expenses	75,594,311	58,901,214	-	-

	Consolidated		Company	
	For the nine-month periods ended 30 September (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Share of loss from fuel swap agreements	852,092,113	353,898	-	-
Share of staff costs for accounting and other services	29,548,417	19,786,892	-	-
Aircraft rental	3,003,666,021	2,806,832,494	-	-
Aircraft repair and maintenance	1,083,251,224	1,111,138,863	-	-
Purchases of merchandises and equipment	178,073,139	183,165,221	-	-
Management fee expenses	12,272,428	11,700,520	-	-
Booking fee expenses	94,377,711	75,206,585	-	-
Pilot training expenses	81,506,067	78,145,783	-	-
Brand license fee expenses	224,828,821	181,722,172	-	-

13 Related party transactions (Cont'd)

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

13.3 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 September (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Salaries and other short-term employee benefits	22,244,045	19,254,183	4,424,999	1,750,000
Retirement benefits	1,315,523	1,252,552	-	-
	23,559,568	20,506,735	4,424,999	1,750,000

	Consolidated		Company	
	For the nine-month periods ended 30 September (Unaudited)			
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Salaries and other short-term employee benefits	62,813,560	74,022,636	8,172,499	4,540,000
Retirement benefits	4,049,005	3,757,654	-	-
	66,862,565	77,780,290	8,172,499	4,540,000

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

13.4 Amounts due from related parties

	Consolidated		Company	
	Unaudited	Audited	Unaudited	Audited
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Other related parties	456,320,425	68,162,932	-	-
Subsidiary	-	-	6,687,500	-
	456,320,425	68,162,932	6,687,500	-

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

13 Related party transactions (Cont'd)

Outstanding balances of receivables, payables and other non-current assets are summarised as follows: (Cont'd)

13.5 Amounts due to related parties

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Other related parties	447,337,332	472,709,254	-	-

13.6 Other non-current assets

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Other related parties				
Aircraft rental deposits	743,935,072	630,333,888	-	-
Fuel price swap deposit	18,102,400	16,406,400	-	-
	762,037,472	646,740,288	-	-

14 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 September 2015 US Dollars	Audited 31 December 2014 US Dollars	Unaudited 30 September 2015 US Dollars	Audited 31 December 2014 US Dollars
Unfavourable fuel price swap agreements	(11,159,308)	(27,322,704)	-	-

14 Net fair value of financial instruments (Cont'd)

Foreign exchange forward contracts

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

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Favourable (unfavourable) foreign exchange forward contracts	27,362,230	(13,115,208)	-	-

The fair value of the foreign exchange forward 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 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Unfavourable interest rate swap agreements	(38,705,322)	(25,340,152)	-	-

Cross currency swap agreement

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

	Consolidated		Company	
	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Favourable cross currency swap agreement	78,153,238	-	-	-

15 Commitments

For the nine-month period ended 30 September 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 September 2015, the Group had the future aggregate minimum lease payments in respect of non-cancellable aircraft operating lease agreements and insurance agreements of aircraft and aircraft engine as follows:

	Consolidated			
	Unaudited		Audited	
	30 September 2015		31 December 2014	
	Rental	Insurance	Rental	Insurance
	US Dollars	agreements	US Dollars	agreements
		US Dollars		US Dollars
Within 1 year	123,287,808	1,904,975	115,260,000	2,993,762
Later than 1 year but not later than 5 years	471,725,479	-	459,325,479	-
Later than 5 years	237,016,930	-	275,132,384	-
Total	832,030,217	1,904,975	849,717,863	2,993,762

16 Guarantees

As at 30 September 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 178.17 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.

17 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 September 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	23.58	7.90	0.09	12.38
Guarantees relating to maintenance reserve fund	-	19.96	-	-	9.59	-
Total	7.90	20.05	23.58	7.90	9.68	12.38

17 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 September 2015		31 December 2014	
	Baht million	Indian Rupee million	Baht million	Indian Rupee million
Saving account	429.92	-	171.01	-
Current account	-	12.68	-	12.68
Total	429.92	12.68	171.01	12.68

18 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 435.50 million.

As at 30 September 2015, the subsidiary had received 16 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2014: 12 aircraft).

19 Subsequent events

On 30 October 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 6 years.