

ASIA AVIATION PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2015



AUDITOR'S REPORT

To the Shareholders of Asia Aviation Public Company Limited

I have audited the accompanying consolidated and company financial statements of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2015, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited as at 31 December 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'Chanchai Chaiprasit', is written over a faint, illegible stamp.

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

Bangkok
25 February 2016

Asia Aviation Public Company Limited
Statement of Financial Position
As at 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Assets					
Current assets					
Cash and cash equivalents	7	6,122,814,644	4,789,064,903	51,437,734	5,632,235
Cash at financial institutions pledged as security		358,741,649	6,109,410	-	-
Short-term investments	8	1,109,230,126	1,492,718,615	-	-
Investments in private funds	9	-	10,480,236	-	-
Trade and other receivables, net	10	439,190,726	631,014,664	-	-
Amounts due from related parties	27.4	326,208,917	68,162,932	-	-
Inventories		94,033,284	96,845,864	-	-
Prepaid expenses		315,699,793	270,989,534	928,847	967,691
Value added taxes receivable, net		-	86,822,474	-	-
Other current assets		63,283,980	40,339,352	1,563,891	901,695
Total current assets		8,829,203,119	7,492,547,984	53,930,472	7,501,621
Non-current assets					
Cash at financial institutions pledged as security		6,441,435	171,192,685	-	-
Long-term investments	11	13,291,300	1,299,268,100	-	-
Investment in a subsidiary	12	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	27.6	1,066,380,311	-	-	-
Aircraft, leasehold improvements and equipment, net	13	18,216,068,951	16,033,305,083	17,401	24
Intangible assets, net	14	14,868,493,040	14,867,983,340	1	1
Goodwill	15	8,824,825,803	8,824,825,803	-	-
Deferred tax assets, net	18	-	-	1,404,795	2,201,186
Other non-current assets	16	1,001,821,169	812,677,583	-	-
Total non-current assets		43,997,322,009	42,009,252,594	3,068,536,567	3,069,315,581
Total assets		52,826,525,128	49,501,800,578	3,122,467,039	3,076,817,202

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

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		335,807,004	175,170,833	-	-
Other accounts payable		194,558,325	192,155,392	-	-
Amounts due to related parties	27.5	917,878,501	472,709,254	-	-
Deferred revenues		4,030,229,013	4,629,227,573	-	-
Accrued expenses		1,516,586,327	1,372,431,680	1,556,800	1,000,000
Current portion of finance lease liabilities	17	1,261,443,422	959,006,292	-	-
Other current liabilities		39,983,783	64,050,869	748,738	2,723,961
Total current liabilities		8,296,486,375	7,864,751,893	2,305,538	3,723,961
Non-current liabilities					
Finance lease liabilities	17	12,775,395,312	11,117,961,859	-	-
Deferred tax liabilities, net	18	3,502,537,265	3,345,639,796	-	-
Employee benefit obligations	20	168,945,620	157,547,925	-	-
Total non-current liabilities		16,446,878,197	14,621,149,580	-	-
Total liabilities		24,743,364,572	22,485,901,473	2,305,538	3,723,961

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

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	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					
		<u>485,000,000</u>	<u>485,000,000</u>	<u>485,000,000</u>	<u>485,000,000</u>
Issued and paid-up share capital					
Ordinary shares, 4,850,000,000 shares of paid-up Baht 0.1 each					
21		485,000,000	485,000,000	485,000,000	485,000,000
Premium on share capital	21	2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings (Deficits)					
Appropriated					
Legal reserve					
23		26,510,386	-	26,510,386	-
Unappropriated					
		<u>17,031,066,832</u>	<u>16,449,402,593</u>	<u>8,842,841</u>	<u>(11,715,033)</u>
Equity attributable to owners of the parent					
		20,142,385,492	19,534,210,867	3,120,161,501	3,073,093,241
Non-controlling interests					
		<u>7,940,775,064</u>	<u>7,481,688,238</u>	<u>-</u>	<u>-</u>
Total shareholders' equity					
		<u>28,083,160,556</u>	<u>27,015,899,105</u>	<u>3,120,161,501</u>	<u>3,073,093,241</u>
Total liabilities and shareholders' equity					
		<u>52,826,525,128</u>	<u>49,501,800,578</u>	<u>3,122,467,039</u>	<u>3,076,817,202</u>

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

Asia Aviation Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Revenues from sales and services	24	29,507,305,473	25,355,514,917	25,000,000	25,000,000
Costs of sales of goods and services		(25,315,075,228)	(23,707,654,246)	-	-
Gross profit		4,192,230,245	1,647,860,671	25,000,000	25,000,000
Net gain on exchange rates		-	126,024,280	-	-
Other income		956,277,752	793,763,630	528,001,129	604,803
Profit before expenses		5,148,507,997	2,567,648,581	553,001,129	25,604,803
Selling expenses		(1,493,977,009)	(1,180,060,295)	-	-
Administrative expenses		(883,380,720)	(744,837,116)	(21,997,008)	(16,267,696)
Net loss on exchange rates		(204,759,134)	-	-	(8,172)
Profit before finance costs and income taxes		2,566,391,134	642,751,170	531,004,121	9,328,935
Finance costs		(457,068,503)	(312,758,626)	-	-
Profit before income taxes		2,109,322,631	329,992,544	531,004,121	9,328,935
Income taxes	19	(151,062,286)	1,279,965	(796,391)	2,201,186
Net profit for the year		1,958,260,345	331,272,509	530,207,730	11,530,121
Other comprehensive income:					
Remeasurements of employee benefit obligations	20	29,175,913	11,685,182	-	-
Income taxes relating to components of other comprehensive income for the year	19	(5,835,183)	(2,337,036)	-	-
Other comprehensive income for the year		23,340,730	9,348,146	-	-
Total comprehensive income for the year		1,981,601,075	340,620,655	530,207,730	11,530,121
Net profit attributable to:					
Owners of the parent		1,078,476,693	183,181,769	530,207,730	11,530,121
Non-controlling interests		879,783,652	148,090,740	-	-
		1,958,260,345	331,272,509	530,207,730	11,530,121
Total comprehensive income attributable to:					
Owners of the parent		1,091,314,095	188,323,249	530,207,730	11,530,121
Non-controlling interests		890,286,980	152,297,406	-	-
		1,981,601,075	340,620,655	530,207,730	11,530,121
Earnings per share					
Basic earnings per share	26	0.2224	0.0378	0.1093	0.0024

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

Asia Aviation Public Company Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2015

		Consolidated						
		Attributable to owners of the parent					Non- controlling interests Baht	Total shareholders' equity Baht
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total owners of the parent Baht		
Notes				Appropriated - legal reserve Baht	Unappropriated Baht			
	Opening balance as at 1 January 2014	485,000,000	2,599,808,274	-	16,261,079,344	19,345,887,618	7,329,390,832	26,675,278,450
	Total comprehensive income for the year	-	-	-	188,323,249	188,323,249	152,297,406	340,620,655
	Closing balance as at 31 December 2014	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>-</u>	<u>16,449,402,593</u>	<u>19,534,210,867</u>	<u>7,481,688,238</u>	<u>27,015,899,105</u>
	Opening balance as at 1 January 2015	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 year	-	-	-	1,091,314,095	1,091,314,095	890,286,980	1,981,601,075
	Dividends paid	-	-	-	(483,139,470)	(483,139,470)	(431,200,154)	(914,339,624)
22		-	-	-	(483,139,470)	(483,139,470)	(431,200,154)	(914,339,624)
	Legal reserve	-	-	26,510,386	(26,510,386)	-	-	-
23		-	-	26,510,386	(26,510,386)	-	-	-
	Closing balance as at 31 December 2015	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>26,510,386</u>	<u>17,031,066,832</u>	<u>20,142,385,492</u>	<u>7,940,775,064</u>	<u>28,083,160,556</u>

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

Asia Aviation Public Company Limited
Statement of Changes in Shareholders' Equity (Cont'd)
For the year ended 31 December 2015

	Notes	Company				Total Baht
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings (Deficits)		
				Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance as at 1 January 2014		485,000,000	2,599,808,274	-	(23,245,154)	3,061,563,120
Total comprehensive income for the year		-	-	-	11,530,121	11,530,121
Closing balance as at 31 December 2014		<u>485,000,000</u>	<u>2,599,808,274</u>	<u>-</u>	<u>(11,715,033)</u>	<u>3,073,093,241</u>
Opening balance as at 1 January 2015		485,000,000	2,599,808,274	-	(11,715,033)	3,073,093,241
Total comprehensive income for the year		-	-	-	530,207,730	530,207,730
Dividends paid	22	-	-	-	(483,139,470)	(483,139,470)
Legal reserve	23	-	-	26,510,386	(26,510,386)	-
Closing balance as at 31 December 2015		<u>485,000,000</u>	<u>2,599,808,274</u>	<u>26,510,386</u>	<u>8,842,841</u>	<u>3,120,161,501</u>

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

Asia Aviation Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Cash flows from operating activities					
Profit before income taxes		2,109,322,631	329,992,544	531,004,121	9,328,935
Adjustments for:					
Depreciation	13	1,122,269,061	817,881,659	4,123	-
Amortisation	14	4,631,730	5,741,679	-	-
Amortisation of prepaid expenses		401,538,669	122,861,382	2,029,582	2,206,571
Impairment loss		19,805,773	-	-	-
(Gain) loss on disposals and write-offs of leasehold improvements and equipment		1,508,043	(255,597)	-	-
Employee benefit expenses	20	42,178,576	36,235,647	-	-
Net loss on exchange rates		682,138,882	48,254,196	-	8,172
Net gain on fair value adjustment in investments in private funds	9	(27,192)	(13,359,792)	-	-
Finance costs		457,068,503	312,758,626	-	-
Interest income		(118,614,404)	(168,309,331)	(6,856)	(14,616)
Dividends income		-	-	(527,022,166)	-
		4,721,820,272	1,491,801,013	6,008,804	11,529,062
Changes in operating assets and liabilities:					
- Trade and other receivables		98,791,358	91,388,290	-	-
- Amounts due from related parties		(258,718,313)	23,297,623	-	-
- Inventories		(16,993,193)	(6,635,245)	-	-
- Prepaid expenses		(446,248,928)	(49,963,429)	(1,990,738)	(2,255,875)
- Value added tax receivable		86,822,474	(8,135,824)	-	-
- Other current assets		(16,327,056)	5,387,237	99,190	(889,355)
- Aircraft maintenance reserves	27.6	(1,066,380,311)	-	-	-
- Other non-current assets		(189,143,586)	4,970,057	-	-
- Trade accounts payable		160,636,171	22,219,341	-	-
- Other accounts payable		2,402,933	68,022,753	-	-
- Amounts due to related parties		447,153,960	(34,120,961)	-	-
- Deferred revenues		(598,998,560)	330,064,124	-	-
- Accrued expenses		82,952,653	(33,840,419)	556,800	555,624
- Other current liabilities		(24,067,086)	31,566,572	(1,975,223)	(5,396,636)
Cash generated from operating activities		2,983,702,788	1,936,021,132	2,698,833	3,542,820
Income taxes paid		(6,617,572)	(121,134,793)	(761,386)	-
Interest received		31,793,390	34,071,970	6,856	14,616
Employee benefit paid	20	(1,604,968)	-	-	-
Net cash generated from operating activities		3,007,273,638	1,848,958,309	1,944,303	3,557,436

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

Asia Aviation Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2015

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Cash flows from investing activities					
Decrease (increase) in cash at financial institutions pledged as security		(185,297,243)	175,243,919	-	-
Decrease in short-term investments		413,055,602	1,955,909,555	-	-
Decrease in investments in private funds	9	10,507,428	1,035,430,738	-	-
Decrease (increase) in long-term investments	11	1,295,061,800	(1,715,500)	-	-
Proceeds from disposals of leasehold improvements and equipment		1,899,130	1,057,329	-	-
Payments for aircraft, leasehold improvements and equipment		(814,871,642)	(1,266,087,577)	(21,500)	-
Payments for intangible assets	14	(5,141,430)	(4,988,182)	-	-
Interest received		167,569,704	130,521,985	-	-
Dividends received		-	-	527,022,166	-
Net cash generated from investing activities		882,783,349	2,025,372,267	527,000,666	-
Cash flows from financing activities					
Repayments of finance leases		(1,059,103,336)	(704,485,139)	-	-
Interest paid		(555,610,442)	(326,277,187)	-	-
Dividends paid to Group shareholders	22	(483,139,470)	-	(483,139,470)	-
Dividends paid to non-controlling interests	12	(431,200,154)	-	-	-
Net cash used in financing activities		(2,529,053,402)	(1,030,762,326)	(483,139,470)	-
Net increase in cash and cash equivalents		1,361,003,585	2,843,568,250	45,805,499	3,557,436
Cash and cash equivalents at the beginning of the year		4,789,064,903	1,958,637,392	5,632,235	2,082,971
Exchange loss on cash and cash equivalents		(27,253,844)	(13,140,739)	-	(8,172)
Cash and cash equivalents at the end of the year		<u>6,122,814,644</u>	<u>4,789,064,903</u>	<u>51,437,734</u>	<u>5,632,235</u>

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2015 and 2014 are as follows:

Purchases of aircraft spare parts which have not been paid for	138,205,808	14,430,535	-	-
Purchases of aircraft and aircraft engine under finance lease agreements	2,267,749,370	4,475,499,524	-	-

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

1 General information

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

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

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

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

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

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

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

The consolidated and company financial statements were authorised for issue by the Board of Directors on 25 February 2016.

2 Accounting policies

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

2.1 Basis of preparation

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

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

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

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

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised accounting standards

New financial reporting standards and revised accounting standards, that are effective in the accounting periods beginning on or after 1 January 2015 and relevant to the Group are as follows:

TAS 19 (revised 2014)	Employee benefits
TFRS 10	Consolidated financial statements
TFRS 13	Fair value measurement

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.

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

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the Group, except for disclosures.

The Group’s management has assessed and determined that these new financial reporting standards and do not have impact to the consolidated and company financial statements being presented.

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2 Accounting policies (Cont'd)

2.4 Segment reporting

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

2.5 Cash and cash equivalents

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

2.6 Investments in private funds

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

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

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

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

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

2.7 Trade accounts receivable

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

2 Accounting policies (Cont'd)

2.8 Inventories

Inventories comprise food, beverages, merchandise, and consumables.

Food, beverages and merchandise are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

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

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

2.9 Investments

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

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

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

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

General investments are carried at cost less impairment loss.

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

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

2 Accounting policies (Cont'd)

2.10 Investments in subsidiaries

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

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

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

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

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

2.11 Aircraft, leasehold improvements and equipment

Aircraft, leasehold improvements and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

2 Accounting policies (Cont'd)

2.11 Aircraft, leasehold improvements and equipment (Cont'd)

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

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

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

2.12 Intangible assets

2.12.1 Landing rights

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

2.12.2 Computer software

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

2.13 Goodwill

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

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

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

2 Accounting policies (Cont'd)

2.14 Leases - where the Group is a lessee

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

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

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

2.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.16 Employee benefits

2.16.1 Provident fund

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

2.16.2 Retirement benefits

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

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

2.17 Provisions

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

2.18 Share capital

Ordinary shares are classified as equity.

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

2.19 Revenue recognition

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

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

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

Other income is recognised on an accrual basis.

2 Accounting policies (Cont'd)

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial risk management

3.1 Financial risk factors

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

Fuel price risk

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

Foreign exchange risk

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

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

3 Financial risk management (Cont'd)

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments that the Group uses to manage risks comprise fuel price swap agreements, forward foreign exchange contracts, interest rate swap agreements and cross currency swap agreement.

Fuel price swap agreements

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

Forward foreign exchange contract

The Group entered into forward foreign exchange contract with local financial institution in order to hedge the foreign exchange risk relating to payments to be settled in foreign currencies. As at 31 December 2015, the outstanding contract due for settlement on 24 February 2016 (as at 31 December 2014: 10 March 2015 and 29 June 2015) is as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Total amount to be received				
US Dollars 9.23 million at rate Baht 35.76 per US Dollar 1	330,210,602	-	-	-
US Dollars 15.14 million at rate Baht 32.24 per US Dollar 1	-	488,245,471	-	-
US Dollars 10.10 million at rate Baht 33.14 per US Dollar 1	-	334,524,996	-	-

Interest rate swap agreements

The Group entered into interest rate swap agreements in order to use it as a risk management instrument to manage on the fluctuation of future interest rate of financial lease liabilities by changing from floating interest rate to fixed interest rate under the interest rate swap agreements. Under the interest rate swap agreements, the Group agreed to exchange the differences between fixed rates and floating rates which are calculated by reference to the agreed notional principal amounts. As at 31 December 2015, the notional principal from the agreements amounted to Baht 2,525 million and USD 113 million (2014: Baht 1,090 million), the fixed interest rates were 2.24% - 5.09% (2014: 5.09%) and the floating interest rates were THBFIX1M plus 1.98% - 2.20%, THBFIX6M plus 2.25% and USD LIBOR3M plus 0.56% - 0.83% (2014: THBFIX1M plus 2.20%).

Interest rate swap agreements are due for exchange of the differences in interest amount every month.

2 **Financial risk management** (Cont'd)

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

Cross currency swap agreement

The Group entered into cross currency swap agreement with local financial institutions in order to hedge both foreign exchange and interest rate risks relating to payments to be settled in foreign currencies. As at 31 December 2015, the outstanding agreement due for settlement on 10 November 2025 (2014: Nil). The notional principal from the agreement amounted to USD 29 million (2014: Nil), the fixed interest rate was 2.64% (2014: Nil) and the floating interest rate was USD LIBOR3M plus 0.70% (2014: Nil).

3.3 **Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that were measured at fair value at 31 December 2015.

	Consolidated		Company	
	Level 2 USD	Level 2 Baht	Level 2 USD	Level 2 Baht
Assets				
Derivatives used for hedging				
Foreign exchange forward contract	-	3,461,205	-	-
Cross currency swap agreement	-	52,215,877	-	-
Total assets	-	55,677,082	-	-
Liabilities				
Derivatives used for hedging				
Fuel price swap agreements	21,775,524	-	-	-
Interest rate swap agreements	-	10,977,994	-	-
Total liabilities	21,775,524	10,977,994	-	-

There were no transfers between levels 1 and 2 during the year.

Derivatives instruments are measured at their fair values which were quoted prices of the financial institutions with which the Group entered into derivative instrument agreements. The fair values were based on observable information, such as interest rates and foreign exchange rates commonly quoted in publicly available sources on the date of the statements of financial position.

4 Critical accounting estimates, assumptions, and judgements

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

Aircraft maintenance under operating leases

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

Estimated useful lives and residual values of aircraft frames and engines

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

5 Capital risk management

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

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

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

6 Segment information

Financial information by business segments

	2015				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	27,426,215,857	2,081,089,616	25,000,000	(25,000,000)	29,507,305,473
Profit from operation	1,318,366,219	533,482,892	3,002,992	-	1,854,852,103
Impairment loss					(19,805,773)
Unallocated costs					(20,173,814)
Other income					956,277,752
Net loss on exchange rates					(204,759,134)
Finance costs					(457,068,503)
Profit before income taxes					2,109,322,631
Income taxes					(151,062,286)
Net profit for the year					1,958,260,345
Consolidated total assets					52,826,525,128

6 Segment information (Cont'd)

Financial information by business segments

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

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

Performance of each operating segment is measured by profit or loss from operation which is using the same basis that the Group measures its profit or loss from operation in the financial statements. Net gain on exchange rates, other income, finance costs and income tax expense are not allocated to each reporting segment.

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

7 Cash and cash equivalents

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Cash on hand	9,678,812	5,599,026	-	-
Deposits held at call with banks	5,292,980,832	4,599,799,877	51,437,734	5,632,235
Short-term bank deposits and bills of exchange with maturity of three months or less	820,155,000	183,666,000	-	-
Total cash and cash equivalents	6,122,814,644	4,789,064,903	51,437,734	5,632,235

The interest rate of deposits held at call with banks was weighted average rate of 0.51% per annum (2014: 0.87% per annum).

As at 31 December 2015, interest rate of short-term bank deposits and bills of exchange with maturity of three months or less was 1.35% - 3.30% per annum (2014: 2.82% per annum).

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8 Short-term investments

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Bills of exchange	1,109,230,126	1,492,718,615	-	-

As at 31 December 2015, short term investments comprise bills of exchange of US Dollars 9.99 million and Baht 750.00 million (2014: US Dollars 25.50 million and Chinese Yuan 125.00 million). Bills of exchange have the period of 5-month to 12-month and bear interests at the rates of 0.80% to 2.00% per annum (2014: 2.25% to 4.00% per annum).

9 Investments in private funds

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

	Consolidated		Company	
	Fair value		Fair value	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Bank deposits	-	10,480,236	-	-
Government bonds	-	-	-	-
Debt instruments	-	-	-	-
Total investments in private funds	-	10,480,236	-	-

The movement of investments in private funds is as follows:

	Consolidated		Company	
	Fair value		Fair value	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
For the year ended 31 December 2015				
Opening net book amount	10,480,236	1,032,551,182	-	-
Additions	-	-	-	-
Disposals	(10,507,428)	(1,035,430,738)	-	-
Fair value adjustment	27,192	13,359,792	-	-
Closing net book amount	-	10,480,236	-	-

10 Trade and other receivables, net

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Trade accounts receivable	354,170,114	255,647,615	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable, net	354,170,114	255,647,615	-	-
Accrued airport incentive	2,843,204	253,027,273	-	-
Accrued income	49,568,722	111,865,263	-	-
Other accounts receivable	32,608,686	10,474,513	-	-
Total trade and other receivables, net	439,190,726	631,014,664	-	-

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

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Up to 3 months	340,651,599	216,357,455	-	-
3 - 6 months	7,020,344	3,881,108	-	-
6 - 12 months	726,806	12,291,770	-	-
Over 12 months	5,771,365	23,117,282	-	-
Total trade accounts receivable	354,170,114	255,647,615	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Total trade accounts receivable, net	<u>354,170,114</u>	<u>255,647,615</u>	<u>-</u>	<u>-</u>

11 Long-term investments

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Opening book amount	1,299,268,100	1,312,007,600	-	-
Additions	1,163,200	1,715,500	-	-
Disposals	(1,296,225,000)	-	-	-
<u>Less</u> Gain (loss) on exchange rate	9,085,000	(14,455,000)	-	-
Closing book amount	<u>13,291,300</u>	<u>1,299,268,100</u>	<u>-</u>	<u>-</u>

As at 31 December 2015, long-term investments comprise:

	Consolidated		
	Held to maturity investment Baht	General investment Baht	Total Baht
Fixed deposits	-	-	-
Equity securities	-	13,291,300	13,291,300
Total long-term investments	<u>-</u>	<u>13,291,300</u>	<u>13,291,300</u>

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

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12 Investment in a subsidiary

Details of investment in a subsidiary are as follows:

	Country of incorporation	Nature of business	Percentage of Shareholding and voting rights		Company Cost method	
			2015 Percent	2014 Percent	2015 Baht	2014 Baht
Thai AirAsia Company Limited	Thai	Providing a low-fare airline service	55	55	3,067,114,370	3,067,114,370

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

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

At the Board of Directors Meeting held on 11 August 2015, Thai AirAsia Company Limited, a subsidiary, approved the payment of interim dividends in respect of the retained earnings derived from activities under 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, totaling Baht 958.22 million (2014: Nil). Asia Aviation Public Company Limited received dividend income of Baht 527.02 million according to the 55% shareholding on 19 August 2015.

The investment in a subsidiary has not changed in years 2015 and 2014.

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13 Aircraft, leasehold improvements and equipment, net

	Consolidated								Total Baht
	Leasehold improvements Baht	Computers Baht	Furniture, fixtures and office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft and Aircraft engines Baht	Aircraft spare parts Baht	Assets under installation Baht	
At 1 January 2014									
Cost	108,542,731	84,947,557	45,573,468	185,590,260	109,401,710	10,521,255,973	939,758,806	24,309,974	12,019,380,479
<u>Less</u> Accumulated depreciation	<u>(35,815,821)</u>	<u>(61,366,575)</u>	<u>(22,489,653)</u>	<u>(120,298,331)</u>	<u>(89,428,660)</u>	<u>(302,365,075)</u>	<u>(431,592,005)</u>	-	<u>(1,063,356,120)</u>
Net book amount	<u>72,726,910</u>	<u>23,580,982</u>	<u>23,083,815</u>	<u>65,291,929</u>	<u>19,973,050</u>	<u>10,218,890,898</u>	<u>508,166,801</u>	<u>24,309,974</u>	<u>10,956,024,359</u>
For the year ended 31 December 2014									
Opening net book amount	72,726,910	23,580,982	23,083,815	65,291,929	19,973,050	10,218,890,898	508,166,801	24,309,974	10,956,024,359
Additions	18,048,466	13,853,660	8,432,384	56,744,272	4,500,000	5,614,655,738	146,957,363	32,772,232	5,895,964,115
Disposals, net	-	(233,843)	(4,260)	(7,123)	(444,321)	-	(112,185)	-	(801,732)
Transfers	16,085,014	-	1,762,797	9,310,559	13,321,389	-	-	(40,479,759)	-
Depreciation charges	<u>(23,281,134)</u>	<u>(9,500,924)</u>	<u>(6,968,041)</u>	<u>(23,881,141)</u>	<u>(13,871,159)</u>	<u>(671,152,040)</u>	<u>(69,227,220)</u>	-	<u>(817,881,659)</u>
Closing net book amount	<u>83,579,256</u>	<u>27,699,875</u>	<u>26,306,695</u>	<u>107,458,496</u>	<u>23,478,959</u>	<u>15,162,394,596</u>	<u>585,784,759</u>	<u>16,602,447</u>	<u>16,033,305,083</u>
At 31 December 2014									
Cost	142,676,211	79,676,405	55,701,610	249,895,413	125,465,083	16,135,911,711	1,086,585,053	16,602,447	17,892,513,933
<u>Less</u> Accumulated depreciation	<u>(59,096,955)</u>	<u>(51,976,530)</u>	<u>(29,394,915)</u>	<u>(142,436,917)</u>	<u>(101,986,124)</u>	<u>(973,517,115)</u>	<u>(500,800,294)</u>	-	<u>(1,859,208,850)</u>
Net book amount	<u>83,579,256</u>	<u>27,699,875</u>	<u>26,306,695</u>	<u>107,458,496</u>	<u>23,478,959</u>	<u>15,162,394,596</u>	<u>585,784,759</u>	<u>16,602,447</u>	<u>16,033,305,083</u>

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

	Consolidated								Total Baht
	Leasehold improvements Baht	Computers Baht	Furniture, fixtures and office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft and Aircraft engines Baht	Aircraft spare parts Baht	Assets under installation Baht	
For the year ended 31 December 2015									
Opening net book amount	83,579,256	27,699,875	26,306,695	107,458,496	23,478,959	15,162,394,596	585,784,759	16,602,447	16,033,305,083
Additions	5,982,956	22,020,645	5,070,351	42,502,558	353,500	3,076,701,601	127,854,480	28,286,986	3,308,773,077
Disposals/Write-offs, net	(2)	-	(2)	(27)	(3,407,116)	-	(26)	-	(3,407,173)
Transfers/Adjustments	11,171,077	4,062,000	1,478,362	4,510,000	-	-	-	(21,554,414)	(332,975)
Depreciation charges	(25,699,377)	(11,585,286)	(8,266,643)	(36,198,774)	(7,366,835)	(944,341,046)	(88,811,100)	-	(1,122,269,061)
Closing net book amount	<u>75,033,910</u>	<u>42,197,234</u>	<u>24,588,763</u>	<u>118,272,253</u>	<u>13,058,508</u>	<u>17,294,755,151</u>	<u>624,828,113</u>	<u>23,335,019</u>	<u>18,216,068,951</u>
At 31 December 2015									
Cost	159,616,245	105,759,049	62,174,934	295,267,636	107,585,096	19,121,780,615	1,210,458,272	23,335,019	21,176,976,866
Less Accumulated depreciation	(84,582,335)	(63,561,815)	(37,586,171)	(176,995,383)	(94,526,588)	(1,918,025,464)	(585,630,159)	-	(2,960,907,915)
Net book amount	<u>75,033,910</u>	<u>42,197,234</u>	<u>24,588,763</u>	<u>118,272,253</u>	<u>13,058,508</u>	<u>17,294,755,151</u>	<u>624,828,113</u>	<u>23,335,019</u>	<u>18,216,068,951</u>

The leased assets included above, where the Group is a lessee under finance lease agreements, comprise aircraft, aircraft engines and motor vehicles, total cost of which is Baht 19,212.78 million and total accumulated depreciation of Baht 1,918.03 million (2014: total cost of Baht 16,147.65 million and total accumulated depreciation of Baht 981.92 million).

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

	<u>Company Office equipment Baht</u>
At 1 January 2014	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>
For the year ended 31 December 2014	
Opening net book amount	24
Depreciation charges	<u>-</u>
Closing net book amount	<u>24</u>
At 31 December 2014	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>
For the year ended 31 December 2015	
Opening net book amount	24
Additions	21,500
Depreciation charges	<u>(4,123)</u>
Closing net book amount	<u>17,401</u>
At 31 December 2015	
Cost	62,187
<u>Less</u> Accumulated depreciation	<u>(44,786)</u>
Net book amount	<u>17,401</u>

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14 Intangible assets, net

	Consolidated			Total Baht
	Landing rights Baht	Computer software Baht	Computer software under installation Baht	
At 1 January 2014				
Cost	14,856,000,000	37,858,170	3,298,938	14,897,157,108
<u>Less</u> Accumulated amortisation	-	(28,420,271)	-	(28,420,271)
Net book amount	<u>14,856,000,000</u>	<u>9,437,899</u>	<u>3,298,938</u>	<u>14,868,736,837</u>
For the year ended 31 December 2014				
Opening net book amount	14,856,000,000	9,437,899	3,298,938	14,868,736,837
Additions	-	4,276,474	711,708	4,988,182
Transfers	-	4,010,646	(4,010,646)	-
Amortisation charges	-	(5,741,679)	-	(5,741,679)
Closing net book amount	<u>14,856,000,000</u>	<u>11,983,340</u>	<u>-</u>	<u>14,867,983,340</u>
At 31 December 2014				
Cost	14,856,000,000	46,138,870	-	14,902,138,870
<u>Less</u> Accumulated amortisation	-	(34,155,530)	-	(34,155,530)
Net book amount	<u>14,856,000,000</u>	<u>11,983,340</u>	<u>-</u>	<u>14,867,983,340</u>
For the year ended 31 December 2015				
Opening net book amount	14,856,000,000	11,983,340	-	14,867,983,340
Additions	-	3,381,550	1,759,880	5,141,430
Transfers	-	340,000	(340,000)	-
Amortisation charges	-	(4,631,730)	-	(4,631,730)
Closing net book amount	<u>14,856,000,000</u>	<u>11,073,160</u>	<u>1,419,880</u>	<u>14,868,493,040</u>
At 31 December 2015				
Cost	14,856,000,000	49,860,420	1,419,880	14,907,280,300
<u>Less</u> Accumulated amortisation	-	(38,787,260)	-	(38,787,260)
Net book amount	<u>14,856,000,000</u>	<u>11,073,160</u>	<u>1,419,880</u>	<u>14,868,493,040</u>

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

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14 Intangible assets, net (Cont'd)

	<u>Company</u> <u>Computer</u> <u>software</u> <u>Baht</u>
At 1 January 2014	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>
For the year ended 31 December 2014	
Opening net book amount	1
Amortisation charges	<u>-</u>
Closing net book amount	<u>1</u>
At 31 December 2014	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>
For the year ended 31 December 2015	
Opening net book amount	1
Amortisation charges	<u>-</u>
Closing net book amount	<u>1</u>
At 31 December 2015	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>

15 Goodwill

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

	<u>Consolidated</u>		<u>Company</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
At 31 December				
Cost	8,824,825,803	8,824,825,803	-	-
<u>Less</u> Provision for impairment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount	<u>8,824,825,803</u>	<u>8,824,825,803</u>	<u>-</u>	<u>-</u>

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16 Other non-current assets

	Note	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Aircraft rental deposits	27.7	748,209,343	630,333,888	-	-
Airport operation deposit		34,600,000	34,600,000	-	-
Fuel price swap deposit	27.7	17,961,650	16,406,400	-	-
Rental deposits		42,158,417	46,610,702	-	-
Prepaid expenses		9,216,373	10,880,712	-	-
Other deposits		149,675,386	73,845,881	-	-
Total other non-current assets		1,001,821,169	812,677,583	-	-

17 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Within 1 year	1,709,396,605	1,365,914,441	-	-
Later than 1 year but not later than 5 years	6,765,109,949	5,451,922,249	-	-
Later than 5 years	8,033,497,105	7,737,871,073	-	-
<u>Less</u> Future finance charges on finance leases	(2,471,164,925)	(2,478,739,612)	-	-
	14,036,838,734	12,076,968,151	-	-
Representing lease liabilities:				
- Current portion	1,261,443,422	959,006,292	-	-
- Non-current portion	12,775,395,312	11,117,961,859	-	-
	14,036,838,734	12,076,968,151	-	-

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Within 1 year	1,676,545,078	1,338,730,452	-	-
Later than 1 year but not later than 5 years	6,104,530,065	4,889,550,263	-	-
Later than 5 years	6,255,763,591	5,848,687,436	-	-
	14,036,838,734	12,076,968,151	-	-

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

18 Deferred income taxes

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

The analyses of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	-	-	1,404,795	2,201,186
Deferred tax assets to be recovered after more than 12 months	1,546,805,901	1,352,163,663	-	-
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	(5,049,343,166)	(4,697,803,459)	-	-
Deferred tax asset (liabilities), net	(3,502,537,265)	(3,345,639,796)	1,404,795	2,201,186

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
At 1 January	(3,345,639,796)	(3,309,661,779)	2,201,186	-
Charged (credited) to profit or loss	(151,062,286)	(33,640,981)	(796,391)	2,201,189
Credited to other comprehensive income	(5,835,183)	(2,337,036)	-	-
At 31 December	(3,502,537,265)	(3,345,639,796)	1,404,795	2,201,186

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18 Deferred income taxes (Cont'd)

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

	Consolidated				Total Baht
	Tax loss Baht	Retirement benefit Baht	Depreciation Baht	Finance lease Baht	
Deferred tax assets					
At 1 January 2014	-	25,669,837	-	784,165,604	809,835,441
Charged to profit or loss	188,861,816	5,993,276	-	349,810,166	544,665,258
Credited to other comprehensive income	-	(2,337,036)	-	-	(2,337,036)
At 31 December 2014	<u>188,861,816</u>	<u>29,326,077</u>	-	<u>1,133,975,770</u>	<u>1,352,163,663</u>
At 1 January 2015	188,861,816	29,326,077	-	1,133,975,770	1,352,163,663
Charged (credited) to profit or loss	(54,048,048)	9,180,160	-	245,345,309	200,477,421
Credited to other comprehensive income	-	(5,835,183)	-	-	(5,835,183)
At 31 December 2015	<u>134,813,768</u>	<u>32,671,054</u>	-	<u>1,379,321,079</u>	<u>1,546,805,901</u>

Deferred income tax assets are recognised for tax loss carried forward only to the extent to which the realisation of the related tax benefit through the future taxable profits is probable.

	Consolidated		
	Gain on fair value of previously held equity interests Baht	Finance lease Baht	Total Baht
Deferred tax liabilities			
At 1 January 2014	(2,999,914,044)	(1,119,583,176)	(4,119,497,220)
Charged (credited) to profit or loss	3,885,297	(582,191,536)	(578,306,239)
At 31 December 2014	<u>(2,996,028,747)</u>	<u>(1,701,774,712)</u>	<u>(4,697,803,459)</u>
At 1 January 2015	(2,996,028,747)	(1,701,774,712)	(4,697,803,459)
Charged (credited) to profit or loss	4,034,764	(355,574,471)	(351,539,707)
At 31 December 2015	<u>(2,991,993,983)</u>	<u>(2,057,349,183)</u>	<u>(5,049,343,166)</u>

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19 Income taxes

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Current tax:				
Current tax on profit for the year	-	-	796,391	-
Adjustment in respect of prior year	-	(34,920,946)	-	-
Deferred taxes:				
- Deferred tax assets	(200,477,421)	(544,665,258)	-	(2,201,186)
- Deferred tax liabilities	351,539,707	578,306,239	-	-
Total income taxes	151,062,286	(1,279,965)	796,391	(2,201,186)

Income taxes on the Group's profit before tax differ from the theoretical amount based on the basic tax rate of the home country of the Group due to the following:

	Consolidated	
	2015	2014
	Baht	Baht
Profit before income tax	2,109,322,631	329,992,544
Tax calculated at a tax rate of 20%	421,864,526	65,998,509
Tax effects of:		
Profit exempted from corporate income taxes due to promotional privileges under BOI	(430,193,999)	(268,666,793)
Expenses not deductible for tax purpose	14,399,886	7,994,870
Difference in finance leases under promotional privilege period	110,229,161	232,381,370
Utilisation of previously unrecognised tax losses	34,762,712	-
Adjustment in respect of prior year	-	(34,920,946)
Tax losses for which no deferred income tax assets were recognised	-	(4,066,975)
Tax charge	151,062,286	(1,279,965)

The weighted average applicable tax rate was 7.16% (2014: - 0.39%).

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19 Income taxes (Cont'd)

Tax charges relating to component of other comprehensive income are as follows:

	Consolidated					
	2015			2014		
	Before tax Baht	Tax charge Baht	After tax Baht	Before tax Baht	Tax charge Baht	After tax Baht
Remeasurement of employee benefit obligations	29,175,913	(5,835,183)	23,340,730	11,685,182	(2,337,036)	9,348,146
Other comprehensive income	29,175,913	(5,835,183)	23,340,730	11,685,182	(2,337,036)	9,348,146
Current taxes		-			-	
Deferred taxes		(5,835,183)			(2,337,036)	
		<u>(5,835,183)</u>			<u>(2,337,036)</u>	

20 Employee benefit obligations

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Statement of financial position				
Retirement benefits	168,945,620	157,547,925	-	-
Statement of comprehensive income				
Retirement benefits	42,178,576	36,235,647	-	-
Remeasurement for retirement benefits recognised in the statement of comprehensive income	(29,175,913)	(11,685,182)	-	-
Cumulative remeasurement for retirement benefits recognised in the statement of comprehensive income	(52,535,781)	(23,359,868)	-	-

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20 Employee benefit obligations (Cont'd)

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

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Opening book amount	157,547,925	132,997,460	-	-
Current service costs	36,916,484	30,673,843	-	-
Interest costs	5,262,092	5,561,804	-	-
Remeasurements :				
Gain from exchange in demographic assumptions	(26,765,080)	(12,972,965)	-	-
Loss from change in financial assumptions	10,206,386	18,172,181	-	-
Experience gain	(12,617,219)	(16,884,398)	-	-
Benefits paid	(1,604,968)	-	-	-
Closing book amount	168,945,620	157,547,925	-	-

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

	Consolidated		Company	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Current service costs	36,916,484	30,673,843	-	-
Interest costs	5,262,092	5,561,804	-	-
Total, included in staff costs	42,178,576	36,235,647	-	-

The principal actuarial assumptions used are as follows:

		Consolidated		Company	
		2015	2014	2015	2014
Discount rate	% per annum	2.92	3.34	-	-
Salary incremental rate	% per annum	5.59 - 10.00	5.59 - 10.00	-	-
Staff turnover rate	% per annum	0.00 - 12.00	0.00 - 10.00	-	-

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 12.27%	Increase by 14.78%
Salary incremental rate	1%	Increase by 14.27%	Decrease by 12.13%
Staff turnover rate	1%	Decrease by 13.38%	Increase by 11.42%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

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21 Share capital

	Par value Baht	Number of authorised ordinary shares	Issued and paid-up ordinary shares	Issued and paid-up ordinary shares	Share premium Baht	Total Baht
At 1 January 2014	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274
Issue of shares	-	-	-	-	-	-
At 31 December 2014	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274
Issue of shares	-	-	-	-	-	-
At 31 December 2015	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274

The total number of authorised ordinary shares is 4,850,000,000 shares (2014: 4,850,000,000 shares) with a par value of Baht 0.10 per share (2014: Baht 0.10 per share). All issued shares are fully paid.

22 Dividends paid

The Board of Directors Meeting held on 11 August 2015, approved the payment of interim dividends in respect of the operating result for the year 2015 of 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.

23 Legal reserve

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
At 1 January 2015	-	-	-	-
Appropriation during the year	26,510,386	-	26,510,386	-
At 31 December 2015	26,510,386	-	26,510,386	-

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

24 Revenues from sales and services

Revenues from sales and services are as follows:

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Passenger service revenues	22,091,893,669	18,154,708,921	-	-
Baggage handling and other service fees	4,811,362,443	5,561,579,215	-	-
Charter flight revenues	2,081,089,616	1,175,896,988	-	-
In-flight revenues	322,959,745	260,875,934	-	-
Freight revenues	200,000,000	202,453,859	-	-
Management fee	-	-	25,000,000	25,000,000
Total revenues	29,507,305,473	25,355,514,917	25,000,000	25,000,000

25 Expenses by nature

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

	Notes	Consolidated		Company	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Depreciation and amortisation	13, 14	1,126,900,791	823,623,338	4,123	-
Staff costs		3,377,679,708	2,799,564,751	-	-
Fuel costs		9,830,407,370	11,272,295,601	-	-
Aircraft rental	27.2	4,147,355,311	3,750,883,931	-	-
Repair and maintenance		2,337,954,895	1,861,852,842	-	-
Ramp and airport operating costs		3,362,626,401	2,291,867,842	-	-

26 Earnings per share

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

	Consolidated		Company	
	2015	2014	2015	2014
Net profit attributable to shareholders of the parent (Baht)	1,078,476,693	183,181,769	530,207,730	11,530,121
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 per share (Baht)	0.2224	0.0378	0.1093	0.0024

The Group does not have dilutive ordinary shares as at 31 December 2015 and 2014.

27 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 Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

The major shareholder of the Group is management of the Group. The remainder is widely held.

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

27 Related party transactions

The following significant transactions were carried out with related parties:

27.1) Income

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Other related parties				
Interest income	14,442,708	8,291,867	-	-
Other administrative fees	44,443,238	9,888,280	-	-
Subsidiary				
Management fee	-	-	25,000,000	25,000,000
Dividend income	-	-	527,022,166	-

27.2) Purchases of goods, services and expenses

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Other related parties				
Share of loss from fuel price swap agreements	1,298,054,586	312,406,466	-	-
Share of staff costs for accounting and other services	37,644,887	31,371,651	-	-
Aircraft rental	4,147,355,311	3,750,883,931	-	-
Aircraft repair and maintenance	1,527,210,017	1,502,123,611	-	-
Purchases of merchandises and equipment	244,699,899	228,167,100	-	-
Management fee expenses	16,595,132	15,649,508	-	-
Booking fee expenses	133,141,805	104,976,328	-	-
Pilot training expenses	119,707,049	84,540,826	-	-
Brand license fee expenses	307,867,500	244,381,651	-	-

27.3) Management remuneration

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Salaries and other short-term employee benefits	85,252,036	94,545,894	10,172,499	6,290,000
Retirement benefits	6,073,888	5,055,044	-	-
	<u>91,325,924</u>	<u>99,600,938</u>	<u>10,172,499</u>	<u>6,290,000</u>

27 Related party transactions (Cont'd)

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

27.4) Amounts due from related parties

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Other related parties	326,208,917	68,162,932	-	-

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2014: 6.00% per annum).

27.5) Amounts due to related parties

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Other related parties	917,878,501	472,709,254	-	-

27.6) Aircraft maintenance reserves

AirAsia Berhad, the Group's related party, entered into an Aircraft maintenance services agreement with the Group. Under this agreement, the Group makes prepayments for the aircraft maintenance reserves based on the number of aircraft, number of engines and number of hours flown. These aircraft maintenance reserves are managed by AirAsia Berhad for future maintenance/overhaul deemed necessary to be performed once the aircraft reaches certain engine hours/hours flown. AirAsia Berhad does not use the prepayments for any investments.

27.7) Other non-current assets

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Other related parties				
Aircraft rental deposits	748,209,343	630,333,888	-	-
Fuel price swap deposit	17,961,650	16,406,400	-	-
	<u>766,170,993</u>	<u>646,740,288</u>	<u>-</u>	<u>-</u>

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28 Commitments

Operating lease commitments

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

	Consolidated		Company	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Within 1 year	47,449,315	42,611,872	-	-
Later than 1 year but not later than 5 years	4,958,386	5,306,226	-	-
Total	52,407,701	47,918,098	-	-

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

	Consolidated			
	2015		2014	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	126,647,808	1,003,906	115,260,000	2,993,762
Later than 1 year but not later than 5 years	481,391,232	-	459,325,479	-
Later than 5 years	220,655,835	-	275,132,384	-
Total	828,694,875	1,003,906	849,717,863	2,993,762

29 Guarantees

As at 31 December 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.

30 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					
	2015			2014		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee 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	-	27.62	-	-	9.59	-
Total	7.90	27.71	23.58	7.90	9.68	12.38

30 Letters of guarantee (Cont'd)

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

	Consolidated					
	2015			2014		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Saving account	85.38	-	-	171.01	-	-
Current account	-	7.61	12.68	-	-	12.68
Total	85.38	7.61	12.68	171.01	-	12.68

31 Promotional privileges

On 13 March 2013, a subsidiary received a certificate of promotional privileges from the Board of Investment (“BOI”) for 24 aircraft for air transportation business. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income taxes for the promoted activities for a period of eight years starting from the date on which the Group started earning income from the promoted activities. To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates. The conditions are that the subsidiary’s authorised and paid-up share capital is not less than Baht 435.50 million.

As at 31 December 2015, the subsidiary had received 17 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2014: 12 aircraft).

32 Event after the reporting period

On 8 January 2016 Thai AirAsia Company Limited, its subsidiary, received one additional Airbus A320-216 aircraft. The expansion of the subsidiary’s fleet was to support the launch of new routes and increase the frequency of flights on the subsidiary’s existing routes. The aircraft was acquired under operating lease agreement for the period of 9 years.