

ASIA AVIATION PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2016

Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements of Asia Aviation Public Company Limited (the Company) and its subsidiary (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My audit approach - overview



Materiality

Overall group materiality: Baht 160 million which represents 5% of Group's profit before tax.

The overall materiality is determined from profit before tax in Thai Baht which is the Group's functional currency as described in the accounting policy in note 2.3 (a).

Audit scope

I conduct with audit work of the Group which engages the operation of a low-fare airline business.

Key audit matters

I identified the following key audit matters:

- Revenue recognition from passenger flight ticket sales
- Consideration for a share-based payment

Materiality

The scope of my audit was influenced by my application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on my professional judgement, I determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped me to determine the scope of my audit and the nature, timing and extent of my audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	Baht 160 million
How I determined it	5% of profit before tax
Rational for the materiality benchmark applied	I chose profit before tax as the critical measure because, in my view, it is the measure against which the performance of the Group is most commonly assessed. The 5% benchmark is a generally accepted auditing practice and there were no significant unusual elements that merited adjustments to this benchmark.

I agreed with the audit committee that I would report to them misstatements identified during my audit.

How I tailored my audit scope

I tailored the scope of my audit in order to perform sufficient work to enable me to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and separate financial statements, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter

How my audit addressed the key audit matter

Revenue recognition from passenger flight ticket sales

The total revenue from flight ticket sales for the year ended 31 December 2016 was Baht 24,993 million. The detail was presented in the section of Note 24: Revenues from sales and services. The amount paid in advance by customers for future scheduled flights is presented as deferred revenue in the statement of financial position, and is recognised as revenue in the statement of income when passengers actually board with their advanced booking tickets.

Flight ticket revenue and deferred revenue is a key audit matter as it's a substantial part of the financial statements, involves a significant volume of advanced booking tickets, and is collected in advance via Thai Baht and foreign currencies.

I performed the following procedures:

- tested the information technology general controls and the related application controls of the systems configured to recognise revenue from the ticket sales
- evaluated the design and operating effectiveness of the systems, processes and key controls for advanced booking tickets, and configured to recognise revenue once passengers fly using their advanced booking tickets
- validated the key control over reconciling the booking and payment information between the flight ticket booking system and external reports from financial institutions
- tested that flight data during the year is accurate and complete in the revenue report together with the flight schedule plan
- performed a sample selection of scheduled flights in the revenue report and traced them to external reports from Airport Authorities to ensure that revenue has been gained
- tested the recording of adjustment transactions with the underlying document related to revenue and deferred revenue
- tested the recording of the translation of foreign currency transactions

From these procedures, I found that the revenue recognition and deferred revenue from passenger flight ticket sales was appropriate.

Key audit matter	How my audit addressed the key audit matter
<p>Consideration for a share-based payment</p> <p>In June 2016, the major shareholders of the Company sold 1,891,588,286 of their shares (or 39% interest) in the Company to new shareholders. The shares were sold at a lower price compared to the latest sales and purchase price (closing price) of the grant date as shown by the Stock Exchange of Thailand. This would indicate that the agreed sales and purchase price reflects the fair value of the big lot sales and purchase transaction at the grant date. If the agreed sales and purchase price didn't reflect the fair value of shares, the Company has to recognise the difference from sales and purchase big lot shares to expenses in the statement of income under TFRS 2 "Share-base payment".</p> <p>The sales and purchase share price for big lot sales passed the Company valuation process in order to calculate the range of appropriate sales and purchase prices, and in line with fair value on that grant date. The seller and buyer hired an independent financial advisor with the competence and expertise to evaluate the discounted cash flow and use key assumptions such as the growth of the airline business, discount rates, and the estimates of passenger numbers, fares and fuel costs.</p> <p>I focused on this area as it involved a significant judgement when considering whether this big lot sales reflected the fair value.</p>	<p>My audit comprised of the following procedures:</p> <ul style="list-style-type: none"> assessed the qualifications and competence of the appraisal firm hiring the seller and buyer of the share big lot sales evaluated the reasonableness of the appraisal's valuation methodologies (such as its discounted cash flow) and challenged the key assumptions supporting the valuation such as the growth of the airline business, the discount rate valuations using the weighted average cost of capital method, and the estimates of passenger numbers, fares and fuel costs challenged the management related to the reasonableness of key assumptions used for the valuation engaged of the auditor's expert to test the price valuation methodologies for the appraisal, including challenging the appraisal to see if the key assumptions are reasonable <p>From these procedures, I found that the valuation methodologies used and the key assumptions were reasonable, and that the sales and purchase price of share big lot sales reflected the fair value at the grant date.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibility for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

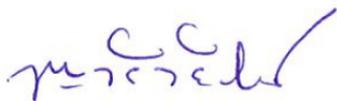
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
Bangkok
23 February 2017

Asia Aviation Public Company Limited
Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	4,661,352,232	6,122,814,644	112,126,184	51,437,734
Cash at financial institutions pledged as security		1,636,470	358,741,649	-	-
Short-term investments	8	2,069,763,643	1,109,230,126	-	-
Trade and other receivables, net	9	446,003,586	439,190,726	870,000	-
Amounts due from related parties	27.4	804,788,351	326,208,917	6,687,500	-
Inventories		118,176,358	94,033,284	-	-
Prepaid expenses		323,080,945	315,699,793	918,386	928,847
Other current assets		334,814,912	63,283,980	2,105,499	1,563,891
Total current assets		8,759,616,497	8,829,203,119	122,707,569	53,930,472
Non-current assets					
Cash at financial institutions pledged as security		-	6,441,435	-	-
Long-term investments	10	11,848,500	13,291,300	-	-
Investment in a subsidiary	11	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	27.5	2,665,543,653	1,066,380,311	-	-
Aircraft, leasehold improvements and equipment, net	12	20,425,356,577	18,216,068,951	13,101	17,401
Intangible assets, net	13	14,871,536,619	14,868,493,040	1	1
Goodwill	14	8,824,825,803	8,824,825,803	-	-
Deferred tax assets, net	18	-	-	966,947	1,404,795
Other non-current assets	15	1,040,698,183	1,001,821,169	-	-
Total non-current assets		47,839,809,335	43,997,322,009	3,068,094,419	3,068,536,567
Total assets		56,599,425,832	52,826,525,128	3,190,801,988	3,122,467,039

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

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Liabilities and equity					
Current liabilities					
Trade accounts payable		488,960,425	335,807,004	-	-
Other accounts payable		340,856,616	194,558,325	593,123	-
Amounts due to related parties	27.7	430,781,485	917,878,501	-	-
Deferred revenues		4,238,145,612	4,030,229,013	-	-
Accrued expenses		1,890,245,179	1,516,586,327	2,210,880	1,556,800
Current portion of long-term borrowings	16	559,746,132	-	-	-
Current portion of finance lease liabilities	17	1,231,760,940	1,261,443,422	-	-
Other current liabilities		89,604,216	39,983,783	50,642,628	748,738
Total current liabilities		9,270,100,605	8,296,486,375	53,446,631	2,305,538
Non-current liabilities					
Long-term borrowings	16	1,273,007,321	-	-	-
Finance lease liabilities	17	12,390,703,979	12,775,395,312	-	-
Deferred tax liabilities, net	18	3,290,418,091	3,502,537,265	-	-
Employee benefit obligations	20	254,950,594	168,945,620	-	-
Total non-current liabilities		17,209,079,985	16,446,878,197	-	-
Total liabilities		26,479,180,590	24,743,364,572	53,446,631	2,305,538

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

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
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					
	21	485,000,000	485,000,000	485,000,000	485,000,000
	21	2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings					
Appropriated - legal reserve					
	23	48,500,000	26,510,386	48,500,000	26,510,386
Unappropriated					
		18,137,211,185	17,031,066,832	4,047,083	8,842,841
Equity attributable to owners					
of the parent					
		21,270,519,459	20,142,385,492	3,137,355,357	3,120,161,501
Non-controlling interests					
		8,849,725,783	7,940,775,064	-	-
Total equity					
		30,120,245,242	28,083,160,556	3,137,355,357	3,120,161,501
Total liabilities and equity					
		56,599,425,832	52,826,525,128	3,190,801,988	3,122,467,039

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

Asia Aviation Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Revenues from sales and services	24	32,400,568,631	29,507,305,473	25,000,000	25,000,000
Cost of sales of goods and services		(26,687,758,182)	(25,315,075,228)	-	-
Gross profit		5,712,810,449	4,192,230,245	25,000,000	25,000,000
Other income		729,735,863	956,277,752	739,969,637	528,001,129
Profit before expenses		6,442,546,312	5,148,507,997	764,969,637	553,001,129
Selling expenses		(1,507,500,692)	(1,493,977,009)	-	-
Administrative expenses		(1,128,580,133)	(883,380,720)	(24,961,705)	(21,997,008)
Net loss on exchange rates		(79,505,701)	(204,759,134)	-	-
Profit before finance costs and income taxes		3,726,959,786	2,566,391,134	740,007,932	531,004,121
Finance costs		(520,855,609)	(457,068,503)	-	-
Profit before income taxes		3,206,104,177	2,109,322,631	740,007,932	531,004,121
Income taxes	19	191,496,428	(151,062,286)	(437,848)	(796,391)
Net profit for the year		3,397,600,605	1,958,260,345	739,570,084	530,207,730
Other comprehensive income (expense):					
Remeasurements of employee benefit obligations	20	(43,074,344)	29,175,913	-	-
Income taxes relating to components of other comprehensive income (expense) for the year	19	8,614,869	(5,835,183)	-	-
Other comprehensive income (expense) for the year		(34,459,475)	23,340,730	-	-
Total comprehensive income for the year		3,363,141,130	1,981,601,075	739,570,084	530,207,730
Net profit attributable to:					
Owners of the parent		1,869,462,906	1,078,476,693	739,570,084	530,207,730
Non-controlling interests		1,528,137,699	879,783,652	-	-
		3,397,600,605	1,958,260,345	739,570,084	530,207,730
Total comprehensive income attributable to:					
Owners of the parent		1,850,510,195	1,091,314,095	739,570,084	530,207,730
Non-controlling interests		1,512,630,935	890,286,980	-	-
		3,363,141,130	1,981,601,075	739,570,084	530,207,730
Earnings per share					
Basic earnings per share	26	0.3855	0.2224	0.1525	0.1093

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

Asia Aviation Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2016

Consolidated financial statements							
Attributable to owners of the parent							
Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total owners of the parent Baht	Non- controlling interests Baht	Total equity Baht
			Appropriated - legal reserve Baht	Unappropriated Baht			
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	22	-	-	(483,139,470)	(483,139,470)	(431,200,154)	(914,339,624)
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>17,031,066,832</u>	<u>20,142,385,492</u>	<u>7,940,775,064</u>	<u>28,083,160,556</u>
Opening balance as at 1 January 2016	485,000,000	2,599,808,274	26,510,386	17,031,066,832	20,142,385,492	7,940,775,064	28,083,160,556
Total comprehensive income for the year	-	-	-	1,850,510,195	1,850,510,195	1,512,630,935	3,363,141,130
Dividends paid	22	-	-	(722,376,228)	(722,376,228)	(603,680,216)	(1,326,056,444)
Legal reserve	23	-	21,989,614	(21,989,614)	-	-	-
Closing balance as at 31 December 2016	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>18,137,211,185</u>	<u>21,270,519,459</u>	<u>8,849,725,783</u>	<u>30,120,245,242</u>

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

Asia Aviation Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2016

Separate financial statements					
Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
			Appropriated - legal reserve Baht	Unappropriated Baht	
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	-	-	-	(483,139,470)	(483,139,470)
Legal reserve	-	-	26,510,386	(26,510,386)	-
Closing balance as at 31 December 2015	485,000,000	2,599,808,274	26,510,386	8,842,841	3,120,161,501
Opening balance as at 1 January 2016	485,000,000	2,599,808,274	26,510,386	8,842,841	3,120,161,501
Total comprehensive income for the year	-	-	-	739,570,084	739,570,084
Dividends paid	-	-	-	(722,376,228)	(722,376,228)
Legal reserve	-	-	21,989,614	(21,989,614)	-
Closing balance as at 31 December 2016	485,000,000	2,599,808,274	48,500,000	4,047,083	3,137,355,357

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

Asia Aviation Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash flows from operating activities					
Profit before income taxes		3,206,104,177	2,109,322,631	740,007,932	531,004,121
Adjustments for:					
Bad debt		216,569	-	-	-
Depreciation	12	1,177,328,308	1,122,269,061	4,300	4,123
Amortisation	13	5,047,879	4,631,730	-	-
Amortisation of prepaid expenses		118,091,447	401,538,669	2,337,491	2,029,582
Impairment loss		-	19,805,773	-	-
(Gain) loss on disposals and write-offs of leasehold improvements and equipment		(1,681,741)	1,508,043	-	-
Employee benefit expenses	20	44,530,630	42,178,576	-	-
Net (gain) loss on exchange rates		(112,923,297)	682,138,882	-	-
Net gain on fair value adjustment in investments in private funds		-	(27,192)	-	-
Finance costs		520,855,609	457,068,503	-	-
Dividends income		-	-	(737,831,032)	(527,022,166)
Interest income		(76,425,306)	(118,614,404)	(388,105)	(6,856)
		4,881,144,275	4,721,820,272	4,130,586	6,008,804
Changes in operating assets and liabilities:					
- Trade and other receivables		(7,523,811)	98,791,358	(870,000)	-
- Amounts due from related parties		(476,056,234)	(258,718,313)	(6,687,500)	-
- Inventories		(24,143,074)	(16,993,193)	-	-
- Prepaid expenses		(125,472,599)	(446,248,928)	(2,327,030)	(1,990,738)
- Value added tax receivable		-	86,822,474	-	-
- Other current assets		(265,135,555)	(16,327,056)	40,373	99,190
- Other non-current assets		(38,877,014)	(189,143,586)	-	-
- Trade accounts payable		153,153,421	160,636,171	-	-
- Other accounts payable		146,298,291	2,402,933	593,123	-
- Amounts due to related parties		(487,097,016)	447,153,960	-	-
- Deferred revenues		207,916,599	(598,998,560)	-	-
- Accrued expenses		337,127,474	82,952,653	654,080	556,800
- Other current liabilities		49,620,433	(24,067,086)	49,893,890	(1,975,223)
Cash generated from operating activities		4,350,955,190	4,050,083,099	45,427,522	2,698,833
Income taxes paid		(18,403,254)	(6,617,572)	(581,981)	(761,386)
Interest received		50,607,578	31,793,390	388,105	6,856
Employee benefit paid	20	(1,600,000)	(1,604,968)	-	-
Net cash generated from operating activities		4,381,559,514	4,073,653,949	45,233,646	1,944,303

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 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash flows from investing activities					
Decrease (increase) in cash at financial institutions pledged as security		351,643,081	(185,297,243)	-	-
Decrease (increase) in short-term investments		(943,880,413)	413,055,602	-	-
Decrease in investments in private funds		-	10,507,428	-	-
Decrease in long-term investments	10	1,442,800	1,295,061,800	-	-
Payment for aircraft maintenance reserves		(1,599,163,342)	(1,066,380,311)	-	-
Proceeds from disposals of leasehold improvements and equipment		153,539,765	1,899,130	-	-
Payments for aircraft, leasehold improvements and equipment		(766,710,010)	(814,871,642)	-	(21,500)
Payments for intangible assets	13	(8,091,458)	(5,141,430)	-	-
Dividends received		-	-	737,831,032	527,022,166
Interest received		25,633,799	167,569,704	-	-
Net cash generated from (used in) investing activities		(2,785,585,778)	(183,596,962)	737,831,032	527,000,666
Cash flows from financing activities					
Proceeds from long-term borrowings	16	2,000,000,000	-	-	-
Payment for front end fee	16	(2,400,000)	-	-	-
Payments for early termination of finance leases		(1,931,831,266)	-	-	-
Repayments of finance leases		(1,142,796,723)	(1,059,103,336)	-	-
Repayments of long-term borrowings	16	(165,066,547)	-	-	-
Dividends paid to Group shareholders	22	(722,376,228)	(483,139,470)	(722,376,228)	(483,139,470)
Dividends paid to non-controlling interests	11	(603,680,216)	(431,200,154)	-	-
Interest paid		(529,980,060)	(555,610,442)	-	-
Net cash used in financing activities		(3,098,131,040)	(2,529,053,402)	(722,376,228)	(483,139,470)
Net increase (decrease) in cash and cash equivalents		(1,502,157,304)	1,361,003,585	60,688,450	45,805,499
Cash and cash equivalents at the beginning of the year		6,122,814,644	4,789,064,903	51,437,734	5,632,235
Exchange gain (loss) on cash and cash equivalents		40,694,892	(27,253,844)	-	-
Cash and cash equivalents at the end of the year		4,661,352,232	6,122,814,644	112,126,184	51,437,734

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2016 and 2015 are as follows:

Purchases of aircraft spare parts which have not been paid	55,153,690	138,205,808	-	-
Purchases of aircraft and aircraft engine under finance lease agreements	2,716,610,257	2,267,749,370	-	-

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 11, 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 separate financial statements were authorised for issue by the Board of Directors on 23 February 2017.

2 Accounting policies

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

2.1 Basis of preparation

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

The preparation of consolidated and separate 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 separate financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the consolidated and separate 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 separate financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards

The Group has applied the revised financial reporting standards which are effective on 1 January 2016 and relevant to the Group. The application of those financial reporting standards does not have significant impact to the Group.

The Group has not yet early adopted the revised financial reporting standards which are effective on 1 January 2017.

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 separate financial statements are presented in Thai Baht, which is the Group and Company's functional and 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.

2.4 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 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)

2.7 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.

2.8 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)

2.9 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 separate 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.

2.10 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

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 Accounting policies (Cont'd)

2.11 Intangible assets

2.11.1 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.

2.11.2 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.

2.12 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 separate 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.

2.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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. Finance lease liabilities issued at variable rates. 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 contracts

The Group entered into forward foreign exchange contracts 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 2016, the outstanding contract due for settlement on 9 May 2017 (as at 31 December 2015: 24 February 2016) is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 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 20 million at rate Baht 35.85 per US Dollar 1	717,040,848	-	-	-

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, 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 2016, the notional principal from the agreements amounted to Baht 3,095.84 million and USD 129.14 million (2015: Baht 2,525 million and USD 113 million), the fixed interest rates were 2.24% - 5.09% (2015: 2.24% - 5.09%) and the floating interest rates were THBFX1M plus 1.98% - 2.20%, THBFX6M plus 2.25% and USD LIBOR3M plus 0.56% - 3.00% (2015: THBFX1M plus 1.98% - 2.20%, THBFX6M plus 2.25% and USD LIBOR3M plus 0.56% - 0.83%).

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

Cross currency swap agreement

The Group entered into cross currency swap agreement with local financial institution in order to hedge both foreign exchange and interest rate risks relating to payments to be settled in foreign currencies. As at 31 December 2016, the outstanding agreement due for settlement on 10 November 2025 (2015: 10 November 2025). The notional principal from the agreement amounted to USD 26.65 million (2015: USD 29 million), the fixed interest rate was 2.64% (2015: 2.64%) and the floating interest rate was USD LIBOR3M plus 0.70% (2015: USD LIBOR3M plus 0.70%).

3 Financial risk management (Cont'd)

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 2016.

	Consolidated financial statements		Separate financial statements	
	Level 2 US Dollars	Level 2 Baht	Level 2 US Dollars	Level 2 Baht
Assets				
Derivatives used for hedging				
Fuel price swap agreements	25,545,608	-	-	-
Interest rate swap agreements	-	62,702,735	-	-
Cross currency swap agreement	-	41,002,065	-	-
Total assets	<u>25,545,608</u>	<u>103,704,800</u>	<u>-</u>	<u>-</u>
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
	Level 2 US Dollars	Level 2 Baht	Level 2 US Dollars	Level 2 Baht
Liabilities				
Derivatives used for hedging				
Foreign exchange forward contracts	-	3,990,101	-	-
Total liabilities	<u>-</u>	<u>3,990,101</u>	<u>-</u>	<u>-</u>

There were no transfers between levels 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 maintenance cost is made throughout the lease term for the rectification obligations contained within the lease agreements. The cost 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

	2016				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues from sales and services	30,437,224,736	1,963,343,895	25,000,000	(25,000,000)	32,400,568,631
Profit from operation	2,544,437,730	551,208,478	38,295	-	3,095,684,503
Unallocated costs					(18,954,879)
Other income					729,735,863
Net loss on exchange rates					(79,505,701)
Finance costs					(520,855,609)
Profit before income taxes					3,206,104,177
Income taxes					191,496,428
Net profit for the year					3,397,600,605
Consolidated total assets					56,599,425,832

6 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	2015				Total Baht
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination 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

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 financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cash on hand	8,755,450	9,678,812	-	-
Deposits held at call with banks	4,652,596,782	5,292,980,832	112,126,184	51,437,734
Short-term bank deposits and bills of exchange with maturity of three months or less	-	820,155,000	-	-
Total cash and cash equivalents	4,661,352,232	6,122,814,644	112,126,184	51,437,734

The weighted average interest rate of deposits held at call with banks was 0.83% per annum (2015: 0.51% per annum).

8 Short-term investments

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Fixed deposits and bills of exchange	2,069,763,643	1,109,230,126	-	-

As at 31 December 2016, short term investments comprise fixed deposits of US Dollars 30 million and Baht 1,000 million (as at 31 December 2015: US Dollars 9.99 million and Baht 750 million). Fixed deposits have the period of 6-month to 12-month and bear interests at the rates of 1.00% to 1.65% per annum (2015: 0.80% to 2.00% per annum).

9 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Trade accounts receivable	339,573,128	354,170,114	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable, net	339,573,128	354,170,114	-	-
Accrued airport fee and incentive income	35,016,553	2,843,204	-	-
Accrued income	50,693,994	49,568,722	870,000	-
Other receivable	20,719,911	32,608,686	-	-
Total trade and other receivables, net	446,003,586	439,190,726	870,000	-

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Up to 3 months	311,441,205	340,651,599	-	-
3 - 6 months	14,996,214	7,020,344	-	-
6 - 12 months	8,894,433	726,806	-	-
Over 12 months	4,241,276	5,771,365	-	-
Total trade accounts receivable	339,573,128	354,170,114	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Total trade accounts receivable, net	339,573,128	354,170,114	-	-

10 Long-term investments

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening book amount	13,291,300	1,299,268,100	-	-
Additions	-	1,163,200	-	-
Disposals	(1,442,800)	(1,296,225,000)	-	-
<u>Less</u> Gain on exchange rate	-	9,085,000	-	-
Closing book amount	11,848,500	13,291,300	-	-

10 Long-term investments (Cont'd)

As at 31 December 2016, long-term investments comprise:

	Consolidated financial statements	
	General investment Baht	Total Baht
Equity securities	11,848,500	11,848,500
Total long-term investments	<u>11,848,500</u>	<u>11,848,500</u>

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

11 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		Separate financial statements	
			2016	2015	Cost method	
			Percent	Percent	2016 Baht	2015 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 9 November 2016, 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 September 2016 at Baht 30.80 per share (2015: Baht 22 per share) for 43,555,560 ordinary shares, totaling Baht 1,341.51 million (2015: Baht 958.22 million). Asia Aviation Public Company Limited received dividend income of Baht 737.83 million according to the 55% shareholding on 11 November 2016.

The investment in a subsidiary has not changed in years 2016 and 2015.

Asia Aviation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

12 Aircraft, leasehold improvements and equipment, net

	Consolidated financial statements								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 2015									
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	(59,096,955)	(51,976,530)	(29,394,915)	(142,436,917)	(101,986,124)	(973,517,115)	(500,800,294)	-	(1,859,208,850)
Net book amount	<u>83,579,256</u>	<u>27,699,875</u>	<u>26,306,695</u>	<u>107,458,496</u>	<u>23,478,959</u>	<u>15,162,394,596</u>	<u>585,784,759</u>	<u>16,602,447</u>	<u>16,033,305,083</u>
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, net	(2)	-	(2)	(27)	(3,407,116)	-	(26)	-	(3,407,173)
Transfers	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
<u>Less</u> 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>
For the year ended 31 December 2016									
Opening net book amount	75,033,910	42,197,234	24,588,763	118,272,253	13,058,508	17,294,755,151	624,828,113	23,335,019	18,216,068,951
Additions	7,121,272	14,518,890	3,606,379	16,732,865	17,123,991	3,214,932,435	244,015,173	20,422,953	3,538,473,958
Disposals/Write-offs, net	(1,282)	(10,001,378)	(229,750)	(12,974)	-	-	(127,786,214)	(13,826,426)	(151,858,024)
Transfers/Adjustments	13,556,670	6,991,731	-	7,187,375	-	-	-	(27,735,776)	-
Depreciation charges	(28,942,450)	(13,735,418)	(8,713,031)	(41,155,390)	(6,500,678)	(983,005,520)	(95,275,821)	-	(1,177,328,308)
Closing net book amount	<u>66,768,120</u>	<u>39,971,059</u>	<u>19,252,361</u>	<u>101,024,129</u>	<u>23,681,821</u>	<u>19,526,682,066</u>	<u>645,781,251</u>	<u>2,195,770</u>	<u>20,425,356,577</u>
At 31 December 2016									
Cost	180,292,905	113,093,177	65,547,274	316,845,833	124,709,087	22,427,713,050	1,073,064,108	2,195,770	24,303,461,204
<u>Less</u> Accumulated depreciation	(113,524,785)	(73,122,118)	(46,294,913)	(215,821,704)	(101,027,266)	(2,901,030,984)	(427,282,857)	-	(3,878,104,627)
Net book amount	<u>66,768,120</u>	<u>39,971,059</u>	<u>19,252,361</u>	<u>101,024,129</u>	<u>23,681,821</u>	<u>19,526,682,066</u>	<u>645,781,251</u>	<u>2,195,770</u>	<u>20,425,356,577</u>

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

	Separate financial statements
	Office equipment Baht
	<hr/>
At 1 January 2015	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<hr/> 24
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	<hr/> 17,401
At 31 December 2015	
Cost	62,187
<u>Less</u> Accumulated depreciation	<u>(44,786)</u>
Net book amount	<hr/> 17,401
For the year ended 31 December 2016	
Opening net book amount	17,401
Depreciation charges	<u>(4,300)</u>
Closing net book amount	<hr/> 13,101
At 31 December 2016	
Cost	62,187
<u>Less</u> Accumulated depreciation	<u>(49,086)</u>
Net book amount	<hr/> 13,101

13 Intangible assets, net

	Consolidated financial statements			Total Baht
	Landing rights Baht	Computer software Baht	Computer software under installation Baht	
At 1 January 2015				
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>
For the year ended 31 December 2016				
Opening net book amount	14,856,000,000	11,073,160	1,419,880	14,868,493,040
Additions	-	4,781,163	3,310,295	8,091,458
Transfers	-	3,101,950	(3,101,950)	-
Amortisation charges	-	(5,047,879)	-	(5,047,879)
Closing net book amount	<u>14,856,000,000</u>	<u>13,908,394</u>	<u>1,628,225</u>	<u>14,871,536,619</u>
At 31 December 2016				
Cost	14,856,000,000	57,743,533	1,628,225	14,915,371,758
<u>Less</u> Accumulated amortisation	-	(43,835,139)	-	(43,835,139)
Net book amount	<u>14,856,000,000</u>	<u>13,908,394</u>	<u>1,628,225</u>	<u>14,871,536,619</u>

Landing rights is tested for impairment together with the impairment of goodwill as shown in Note 14.

13 Intangible assets, net (Cont'd)

	Separate financial statements
	Computer software Baht
At 1 January 2015	
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>
For the year ended 31 December 2016	
Opening net book amount	1
Amortisation charges	<u>-</u>
Closing net book amount	<u>1</u>
At 31 December 2016	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>

14 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.

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
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>

15 Other non-current assets

	Note	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Aircraft rental deposits - related party	27.6	741,346,452	748,209,343	-	-
Aircraft rental deposits - others		90,296,672	-	-	-
Airport operation deposit		34,600,000	34,600,000	-	-
Fuel price swap deposit	27.6	17,829,400	17,961,650	-	-
Rental deposits		49,957,927	42,158,417	-	-
Prepaid expenses		-	9,216,373	-	-
Other deposits		106,667,732	149,675,386	-	-
Total other non-current assets		<u>1,040,698,183</u>	<u>1,001,821,169</u>	-	-

16 Borrowings

		Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current					
Current portion of long-term borrowings - Bank		560,546,132	-	-	-
Less Front end fee		(800,000)	-	-	-
Total current borrowings		<u>559,746,132</u>	-	-	-
Non-current					
Long-term borrowings - Bank		1,274,387,321	-	-	-
Less Front end fee		(1,380,000)	-	-	-
Total non-current borrowings		<u>1,273,007,321</u>	-	-	-
Total borrowings		<u>1,832,753,453</u>	-	-	-

For the year ended 31 December 2016, the Group entered into loan agreements with local financial institutions for repayment of the remaining obligations to the existing financial institutions on behalf of the early termination of 2 aircraft finance leases and 2 aircraft engine finance leases. As the result, the Group has lower interest payment and cash flow hedges of future interest payments. The loan agreements mature in 3 years and bear interest at a fixed rate per annum. These borrowings are unsecured and denominated in Thai Baht.

Movements in long-term borrowings for the year ended 31 December 2016 are analysed as follows:

	2016 Baht	2015 Baht
Opening book amount	-	-
Proceed from long-term borrowings	2,000,000,000	-
Front end fee	(2,400,000)	-
Amortisation of front end fee	220,000	-
Payments from long-term borrowings	(165,066,547)	-
Closing book amount	<u>1,832,753,453</u>	-

16 Long-term borrowings (Cont'd)

The interest rate exposure on the borrowings is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Borrowings:				
– at fixed rates	1,832,753,453	-	-	-
– at floating rates	-	-	-	-
Total borrowings	1,832,753,453	-	-	-

The carrying amounts and fair values of certain long-term borrowings are as follows:

	Carrying amounts		Fair values	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Long-term bank borrowings	1,832,753,453	-	1,832,753,453	-
	1,832,753,453	-	1,832,753,453	-

The fair values of non-current portion of long-term borrowings are equal to their carrying amounts.

Maturity of long-term borrowings (excluding finance lease liabilities):

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Within 1 year	560,546,132	-	-	-
Later than 1 year but not later than 5 years	1,274,387,321	-	-	-
Later than 5 years	-	-	-	-
Less Front end fee	(2,180,000)	-	-	-
	1,832,753,453	-	-	-

Credit facilities

As at 31 December 2016, the Group has non-available credit facilities.

17 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Within 1 year	1,679,361,046	1,709,396,605	-	-
Later than 1 year but not later than 5 years	6,717,444,182	6,765,109,949	-	-
Later than 5 years	7,703,167,381	8,033,497,105	-	-
<u>Less</u> Future finance charges on finance leases	(2,477,507,690)	(2,471,164,925)	-	-
	<u>13,622,464,919</u>	<u>14,036,838,734</u>	<u>-</u>	<u>-</u>
Finance lease liabilities:				
- Current portion	1,231,760,940	1,261,443,422	-	-
- Non-current portion	12,390,703,979	12,775,395,312	-	-
	<u>13,622,464,919</u>	<u>14,036,838,734</u>	<u>-</u>	<u>-</u>

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Within 1 year	1,646,864,776	1,676,545,078	-	-
Later than 1 year but not later than 5 years	6,054,315,289	6,104,530,065	-	-
Later than 5 years	5,921,284,854	6,255,763,591	-	-
	<u>13,622,464,919</u>	<u>14,036,838,734</u>	<u>-</u>	<u>-</u>

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 analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	-	-	996,947	1,404,795
Deferred tax assets to be recovered after more than 12 months	1,874,276,614	1,546,805,901	-	-
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	(5,164,694,705)	(5,049,343,166)	-	-
Deferred tax assets (liabilities), net	<u>(3,290,418,091)</u>	<u>(3,502,537,265)</u>	<u>966,947</u>	<u>1,404,795</u>

18 Deferred income taxes (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
At 1 January	(3,502,537,265)	(3,345,639,796)	1,404,795	2,201,186
Charged (credited) to profit or loss	203,504,305	(151,062,286)	(437,848)	(796,391)
Charged (credited) to other comprehensive income	8,614,869	(5,835,183)	-	-
At 31 December	<u>(3,290,418,091)</u>	<u>(3,502,537,265)</u>	<u>966,947</u>	<u>1,404,795</u>

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

	Consolidated financial statements			
	Tax loss Baht	Retirement benefit Baht	Finance lease Baht	Total Baht
Deferred tax assets				
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>
At 1 January 2016	134,813,768	32,671,054	1,379,321,079	1,546,805,901
Charged to profit or loss	89,555,497	7,441,400	221,858,947	318,855,844
Charged to other comprehensive income	-	8,614,869	-	8,614,869
At 31 December 2016	<u>224,369,265</u>	<u>48,727,323</u>	<u>1,601,180,026</u>	<u>1,874,276,614</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 financial statements		
	Gain on fair value of previously held equity interests Baht	Finance lease Baht	Total Baht
Deferred tax liabilities			
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>
At 1 January 2016	(2,991,993,983)	(2,057,349,183)	(5,049,343,166)
Charged (credited) to profit or loss	8,039,516	(123,391,055)	(115,351,539)
At 31 December 2016	<u>(2,983,954,467)</u>	<u>(2,180,740,238)</u>	<u>(5,164,694,705)</u>

19 Income taxes

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current tax:				
Adjustment in respect of prior year	12,007,877	-	-	-
Deferred taxes:				
- Deferred tax assets	(318,855,844)	(200,477,421)	437,848	796,391
- Deferred tax liabilities	115,351,539	351,539,707	-	-
Total income taxes	<u>(191,496,428)</u>	<u>151,062,286</u>	<u>437,848</u>	<u>796,391</u>

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

	Consolidated financial statements	
	2016 Baht	2015 Baht
Profit before income taxes	3,206,104,177	2,109,322,631
Tax calculated at a tax rate of 20%	641,220,835	421,864,526
Tax effects of:		
Profit exempted from corporate income taxes due to promotional privileges under BOI	(627,297,401)	(430,193,999)
Expenses not deductible for tax purpose	7,507,862	14,399,886
Effect from early termination of finance lease	(53,459,056)	-
Difference in finance leases under promotional privilege period	(98,467,892)	110,229,161
Utilisation of previously unrecognised tax losses	(73,008,653)	34,762,712
Adjustment in respect of prior year	12,007,877	-
Tax charge	<u>(191,496,428)</u>	<u>151,062,286</u>

The weighted average applicable tax rate was -5.97% (2015: 7.16%).

The tax (charges) credit relating to component of other comprehensive income are as follows:

	Consolidated financial statements					
	2016			2015		
	Before tax Baht	Tax credit Baht	After tax Baht	Before tax Baht	Tax charge Baht	After tax Baht
Remeasurement of employee benefit obligations	(43,074,344)	8,614,869	(34,459,475)	29,175,913	(5,835,183)	23,340,730
Other comprehensive income	<u>(43,074,344)</u>	<u>8,614,869</u>	<u>(34,459,475)</u>	<u>29,175,913</u>	<u>(5,835,183)</u>	<u>23,340,730</u>
Current taxes		-			-	
Deferred taxes		8,614,869			(5,835,183)	
		<u>8,614,869</u>			<u>(5,835,183)</u>	

20 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Statement of financial position				
Retirement benefits	254,950,594	168,945,620	-	-
Statement of comprehensive income				
Retirement benefits	44,530,630	42,178,576	-	-
Remeasurement for retirement benefits recognised in the statement of comprehensive income	43,074,344	(29,175,913)	-	-
Cumulative remeasurement for retirement benefits recognised in the statement of comprehensive income	(9,461,437)	(52,535,781)	-	-

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Opening book amount	168,945,620	157,547,925	-	-
Current service costs	39,597,214	36,916,484	-	-
Interest costs	4,933,416	5,262,092	-	-
Remeasurements:				
(Gain) loss from exchange in demographic assumptions	30,126,184	(26,765,080)	-	-
(Gain) loss from change in financial assumptions	(5,638,465)	10,206,386	-	-
Experience (gain) loss	18,586,625	(12,617,219)	-	-
Benefits paid	(1,600,000)	(1,604,968)	-	-
Closing book amount	254,950,594	168,945,620	-	-

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

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current service costs	39,597,214	36,916,484	-	-
Interest costs	4,933,416	5,262,092	-	-
Total, included in staff costs	44,530,630	42,178,576	-	-

The principal actuarial assumptions used are as follows:

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Discount rate	% per annum	3.09	2.92	-	-
Salary incremental rate	% per annum	5.59 - 10.00	5.59 - 10.00	-	-
Staff turnover rate	% per annum	0.00 - 10.00	0.00 - 12.00	-	-

20 Employee benefit obligations (Cont'd)

	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	2016	2015	2016	2015	2016	2015
Discount rate	1%	1%	Decrease by 12.72%	Decrease by 12.27%	Increase by 15.43%	Increase by 14.78%
Salary incremental rate	1%	1%	Increase by 14.50%	Increase by 14.27%	Decrease by 12.23%	Decrease by 12.13%
Staff turnover rate	1%	1%	Decrease by 13.78%	Decrease by 13.38%	Increase by 12.06%	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 from the previous period.

21 Share capital

	Par value Baht	Number of authorised ordinary shares	Issued and paid-up ordinary shares	Issued and paid-up ordinary shares Baht	Share premium Baht	Total Baht
At 1 January 2015	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
Issue of shares	-	-	-	-	-	-
At 31 December 2016	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 (2015: 4,850,000,000 shares) with a par value of Baht 0.10 per share (2015: Baht 0.10 per share). All issued shares are fully paid.

22 Dividends paid

The Board of Directors Meeting held on 9 November 2016, approved the payment of interim dividends in respect of the operating result for the year 2016 of Baht 0.15 per share (2015: Baht 0.10 per share) for 4,815,841,522 eligible ordinary shares, totalling Baht 722.38 million (2015: Baht 483.14 million). The dividends were paid to the shareholders on 7 December 2016.

23 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
At 1 January	26,510,386	-	26,510,386	-
Appropriation during the year	21,989,614	26,510,386	21,989,614	26,510,386
At 31 December	48,500,000	26,510,386	48,500,000	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% 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 financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Passenger service revenues	24,993,481,284	22,091,893,669	-	-
Baggage handling and other service fees	4,828,815,716	4,811,362,443	-	-
Charter flight revenues	1,963,343,895	2,081,089,616	-	-
In-flight revenues	403,129,319	322,959,745	-	-
Freight revenues	211,798,417	200,000,000	-	-
Management fee	-	-	25,000,000	25,000,000
Total revenues	32,400,568,631	29,507,305,473	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 financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Depreciation and amortisation	12,13	1,182,376,187	1,126,900,791	4,300	4,123
Staff costs		4,508,779,686	3,377,679,708	-	-
Fuel costs		8,257,545,785	9,830,407,370	-	-
Aircraft rental - related party	27.2	4,464,646,976	4,147,355,311	-	-
Aircraft rental - others		409,573,954	-	-	-
Repair and maintenance		2,907,840,055	2,337,954,895	-	-
Ramp and airport operating costs		3,727,582,587	3,362,626,401	-	-

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 financial statements		Separate financial statements	
	2016	2015	2016	2015
Net profit attributable to shareholders of the parent (Baht)	1,869,462,906	1,078,476,693	739,570,084	530,207,730
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)	0.3855	0.2224	0.1525	0.1093

The Group does not have dilutive ordinary shares as at 31 December 2016 and 2015.

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 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.

On 13 June 2016, the Company changed its major shareholder from the Bijleveld family, also the Company's management, to the Srivaddhanaprabha family, the new major shareholder and management of the King Power Group. The remaining shares are widely held. The shareholding structure change caused new related party transactions: commission from sales of duty free goods, passenger service revenue and sponsorship fee paid to Leicester City Football Club because the Company and the King Power Group have the same major shareholder from 13 June 2016 onwards.

For reporting purpose, 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:

27.1) Income

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Other related parties				
Interest income	13,236,477	14,442,708	-	-
Other administrative fees	40,179,762	44,443,238	-	-
Commission from sales of duty free goods	4,535,865	-	-	-
Passenger service revenue	542,641	-	-	-
Subsidiary				
Management fee	-	-	25,000,000	25,000,000
Dividend income	-	-	737,831,032	527,022,166

27 Related party transactions (Cont'd)

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

27.2) Purchases of goods, services and expenses

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Other related parties				
Share of loss from fuel price swap agreements	312,271,224	1,298,054,586	-	-
Share of staff costs for accounting and other services	36,699,725	37,644,887	-	-
Aircraft rental	4,464,646,976	4,147,355,311	-	-
Aircraft repair and maintenance	2,075,044,788	1,527,210,017	-	-
Purchases of merchandises and equipment	94,646,211	244,699,899	-	-
Management fee expenses	17,012,300	16,595,132	-	-
Booking fee expenses	161,996,712	133,141,805	-	-
Pilot training expenses	140,718,558	119,707,049	-	-
Brand license fee expenses	329,957,862	307,867,500	-	-
Sponsorship fee paid to Leicester City Football Club	31,788,130	-	-	-

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 financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Salaries and other short-term employee benefits	123,976,996	85,252,036	11,017,500	10,172,499
Retirement benefits	5,122,690	6,073,888	-	-
	<u>129,099,686</u>	<u>91,325,924</u>	<u>11,017,500</u>	<u>10,172,499</u>

Outstanding balances of amount due from related parties, aircraft maintenance reserves, other non-current assets and amount due to related parties are summarised as follows:

27.4) Amounts due from related parties

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Other related parties	804,788,351	326,208,917	-	-
Subsidiary	-	-	6,687,500	-
	<u>804,788,351</u>	<u>326,208,917</u>	<u>6,687,500</u>	<u>-</u>

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2015: 6.00% per annum).

27 Related party transactions (Cont'd)

Outstanding balances of amount due from related parties, aircraft maintenance reserves, other non-current assets and amount due to related parties are summarised as follows: (Cont'd)

27.5) Aircraft maintenance reserves

AirAsia Berhad, a related party, had entered into an Aircraft maintenance services agreement with the Group. Under this agreement, the Group will make prepayments for the aircraft maintenance reserves based on the number of aircraft, number of engines and number of hours flown. These aircraft maintenance reserves are managed by AirAsia Berhad for future maintenance/overhaul deemed necessary to be performed once the aircraft reaches certain engine hours/hours flown.

As at 31 December 2016, the Group had commitment from an Aircraft maintenance services agreement amounting to US Dollars 4,742,878 (as at 31 December 2015: US Dollars 21,960,368).

27.6) Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Other related parties				
Aircraft rental deposits	741,346,452	748,209,343	-	-
Fuel price swap deposit	17,829,400	17,961,650	-	-
	<u>759,175,852</u>	<u>766,170,993</u>	<u>-</u>	<u>-</u>

27.7) Amounts due to related parties

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Other related parties	430,781,485	917,878,501	-	-

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 financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Within 1 year	28,610,722	47,449,315	-	-
Later than 1 year but not later than 5 years	26,792,147	4,958,386	-	-
Total	<u>55,402,869</u>	<u>52,407,701</u>	<u>-</u>	<u>-</u>

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28 Commitments (Cont'd)

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 other third party lessors, and insurance agreements of aircraft and aircraft engines as follows:

	Consolidated financial statements			
	2016		2015	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	141,613,445	1,668,900	126,647,808	1,003,906
Later than 1 year but not later than 5 years	500,694,439	-	481,391,232	-
Later than 5 years	189,148,559	-	220,655,835	-
Total	831,456,443	1,668,900	828,694,875	1,003,906

29 Guarantees

As at 31 December 2016, 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 215.66 million (as at 31 December 2015: Baht 178.17 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 financial statements							
	2016					2015		
	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	0.09	1.00	1.81	57.42	7.90	0.09	23.58
Guarantees relating to maintenance reserve fund	-	38.78	-	-	-	-	27.62	-
Total	7.90	38.87	1.00	1.81	57.42	7.90	27.71	23.58

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

	Consolidated financial statements							
	2016					2015		
	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Saving account	-	-	-	-	-	85.38	-	-
Current account	-	-	-	-	3.30	-	7.61	12.68
Total	-	-	-	-	3.30	85.38	7.61	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 2016, the subsidiary had received 23 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2015: 17 aircraft).