

Asia Aviation Public Company Limited
and its subsidiary
Review report and interim consolidated financial statements
For the three-month and six-month periods ended
30 June 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Asia Aviation Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Asia Aviation Public Company Limited and its subsidiary as at 30 June 2018, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements.

I have also reviewed the separate financial information of Asia Aviation Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

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

Other matter

The consolidated statement of financial position of Asia Aviation Public Company Limited and its subsidiary, and the separate statement of financial position of Asia Aviation Public Company Limited as at 31 December 2017 were audited by another auditor who expressed an unqualified opinion on those statements under his report dated 21 February 2018. The consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended of Asia Aviation Public Company Limited and its subsidiary, and the separate financial information of Asia Aviation Public Company Limited for the same periods, presented herein as comparative information, were also reviewed by the aforementioned auditor who concluded, under his report dated 9 August 2017, that nothing had come to his attention that caused him to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 9 August 2018

Asia Aviation Public Company Limited and its subsidiary

Statement of financial position

As at 30 June 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets					
Current assets					
Cash and cash equivalents	3	5,032,359,693	5,337,959,662	148,093,799	127,336,885
Current investments		1,500,178,372	1,489,009,499	-	-
Trade and other receivables	4	538,868,930	455,766,761	481,500	1,350,000
Amounts due from related parties	2	789,179,112	944,932,121	6,848,000	119,558
Inventories		137,740,694	148,800,537	-	-
Prepaid expenses		497,100,896	370,337,031	108,661	857,959
Other current assets		254,127,953	302,163,135	3,871,729	3,110,216
Total current assets		8,749,555,650	9,048,968,746	159,403,689	132,774,618
Non-current assets					
Long-term investment		11,883,900	11,883,900	-	-
Investment in subsidiary	5	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	2, 6	4,096,005,434	3,652,264,201	-	-
Aircraft, leasehold improvement and equipment	7	24,862,244,135	25,472,747,919	6,669	8,801
Intangible assets	8	14,886,863,391	14,889,077,519	1	1
Goodwill		8,824,825,803	8,824,825,803	-	-
Deferred tax assets		-	-	194,466	470,578
Other non-current assets	2	943,352,071	873,796,859	-	-
Total non-current assets		53,625,174,734	53,724,596,201	3,067,315,506	3,067,593,750
Total assets		62,374,730,384	62,773,564,947	3,226,719,195	3,200,368,368

The accompanying notes are an integral part of the financial statements.

Asia Aviation Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 30 June 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade payables		332,152,109	310,666,172	-	-
Other payables		360,499,003	478,322,743	768,007	581,512
Amounts due to related parties	2	213,197,557	170,092,214	-	-
Current portion of long-term borrowings from financial institutions	9	252,616,082	1,348,080,475	-	-
Current portion of liabilities under finance lease agreements	11	1,308,408,872	1,299,335,216	-	-
Unearned income		4,356,959,805	4,820,988,435	-	-
Accrued expenses		2,244,062,534	2,376,044,919	684,550	3,035,000
Other current liabilities		132,762,539	106,606,078	69,516,309	54,298,865
Total current liabilities		9,200,658,501	10,910,136,252	70,968,866	57,915,377
Non-current liabilities					
Long-term borrowings from financial institutions - net of current portion	9	1,857,386,215	1,984,335,988	-	-
Debentures	10	4,094,322,441	1,598,005,612	-	-
Liabilities under finance lease agreements - net of current portion	11	12,686,620,779	13,231,620,700	-	-
Provision for long-term employee benefits		389,417,334	346,675,403	-	-
Deferred tax liabilities		3,198,614,499	3,249,688,989	-	-
Total non-current liabilities		22,226,361,268	20,410,326,692	-	-
Total liabilities		31,427,019,769	31,320,462,944	70,968,866	57,915,377

The accompanying notes are an integral part of the financial statements.

Asia Aviation Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 30 June 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
4,850,000,000 ordinary shares of Baht 0.1 each	485,000,000	485,000,000	485,000,000	485,000,000
Issued and fully paid up				
4,850,000,000 ordinary shares of Baht 0.1 each	485,000,000	485,000,000	485,000,000	485,000,000
Premium on ordinary shares	2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings				
Appropriated - statutory reserve	48,500,000	48,500,000	48,500,000	48,500,000
Unappropriated	18,600,595,234	18,872,576,491	22,442,055	9,144,717
Equity attributable to owners of the Company	21,733,903,508	22,005,884,765	3,155,750,329	3,142,452,991
Non-controlling interests of the a subsidiary	9,213,807,107	9,447,217,238	-	-
Total shareholders' equity	30,947,710,615	31,453,102,003	3,155,750,329	3,142,452,991
Total liabilities and shareholders' equity	62,374,730,384	62,773,564,947	3,226,719,195	3,200,368,368
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

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 Directors

(Unaudited but reviewed)

Asia Aviation Public Company Limited and its subsidiary
Statement of comprehensive income
For the three-month period ended 30 June 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenues from sales and services		9,050,601,367	8,350,210,951	6,250,000	6,250,000
Gain on exchange rate		-	30,145,486	-	-
Dividend income	5	-	-	982,177,673	-
Other income		251,995,352	208,749,104	58,044	156,886
Total revenues		9,302,596,719	8,589,105,541	988,485,717	6,406,886
Expenses					
Cost of sales and services		8,999,757,955	7,479,107,348	-	-
Selling expenses		423,303,821	376,266,860	-	-
Administrative expenses		363,235,075	307,598,635	5,022,989	5,430,792
Loss on exchange rate		49,164,631	-	-	-
Total expenses		9,835,461,482	8,162,972,843	5,022,989	5,430,792
Profit (loss) before finance cost and income tax		(532,864,763)	426,132,698	983,462,728	976,094
Finance costs		(177,201,969)	(171,771,938)	-	-
Profit (loss) before income tax		(710,066,732)	254,360,760	983,462,728	976,094
Income tax revenue (expense)	12	148,575,817	55,274,978	(257,011)	(195,218)
Profit (loss) for the period		(561,490,915)	309,635,738	983,205,717	780,876
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		(561,490,915)	309,635,738	983,205,717	780,876
Profit (loss) attributable to:					
Equity holders of the Company		(306,107,385)	170,651,050	983,205,717	780,876
Non-controlling interests of the subsidiary		(255,383,530)	138,984,688		
		(561,490,915)	309,635,738		
Total comprehensive income attributable to:					
Equity holders of the Company		(306,107,385)	170,651,050	983,205,717	780,876
Non-controlling interests of the subsidiary		(255,383,530)	138,984,688		
		(561,490,915)	309,635,738		
Earnings (loss) per share					
14					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company (Baht)		(0.0631)	0.0352	0.2027	0.0002
Number of ordinary shares (share)		4,850,000,000	4,850,000,000	4,850,000,000	4,850,000,000

The accompanying notes are an integral part of the financial statements.

Asia Aviation Public Company Limited and its subsidiary
Statement of comprehensive income
For the six-month period ended 30 June 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenues from sales and services		20,304,901,396	17,511,938,493	18,750,000	12,500,000
Gain on exchange rate		28,327,684	173,728,151	-	-
Dividend income	5	-	-	982,177,673	-
Other income		563,006,738	449,055,488	58,044	722,735
Total revenues		20,896,235,818	18,134,722,132	1,000,985,717	13,222,735
Expenses					
Cost of sales and services		17,759,097,388	15,061,722,303	-	-
Selling expenses		831,939,487	756,513,783	-	-
Administrative expenses		739,931,994	661,111,887	17,416,913	8,937,598
Loss on exchange rate		-	-	10,575	-
Total expenses		19,330,968,869	16,479,347,973	17,427,488	8,937,598
Profit before finance cost and income tax		1,565,266,949	1,655,374,159	983,558,229	4,285,137
Finance costs		(348,147,760)	(330,242,405)	-	-
Profit before income tax		1,217,119,189	1,325,131,754	983,558,229	4,285,137
Income tax revenue (expense)	12	51,074,490	19,287,309	(276,111)	(857,027)
Profit for the period		1,268,193,679	1,344,419,063	983,282,118	3,428,110
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,268,193,679	1,344,419,063	983,282,118	3,428,110
Profit attributable to:					
Equity holders of the Company		698,003,523	740,973,134	983,282,118	3,428,110
Non-controlling interests of the subsidiary		570,190,156	603,445,929		
		<u>1,268,193,679</u>	<u>1,344,419,063</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		698,003,523	740,973,134	983,282,118	3,428,110
Non-controlling interests of the subsidiary		570,190,156	603,445,929		
		<u>1,268,193,679</u>	<u>1,344,419,063</u>		
Earnings per share					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.1439	0.1528	0.2027	0.0007
Number of ordinary shares (share)		4,850,000,000	4,850,000,000	4,850,000,000	4,850,000,000

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Asia Aviation Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2018

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company				Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings				
			Appropriated	Unappropriated			
Balance as at 1 January 2017	485,000,000	2,599,808,274	48,500,000	18,137,211,185	21,270,519,459	8,849,725,783	30,120,245,242
Profit for the period	-	-	-	740,973,134	740,973,134	603,445,929	1,344,419,063
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	740,973,134	740,973,134	603,445,929	1,344,419,063
Balance as at 30 June 2017	485,000,000	2,599,808,274	48,500,000	18,878,184,319	22,011,492,593	9,453,171,712	31,464,664,305
Balance as at 1 January 2018	485,000,000	2,599,808,274	48,500,000	18,872,576,491	22,005,884,765	9,447,217,238	31,453,102,003
Profit for the period	-	-	-	698,003,523	698,003,523	570,190,156	1,268,193,679
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	698,003,523	698,003,523	570,190,156	1,268,193,679
Dividend paid (Note 16)	-	-	-	(969,984,780)	(969,984,780)	-	(969,984,780)
Subsidiary paid dividend to its non-controlling interests	-	-	-	-	-	(803,600,287)	(803,600,287)
Balance as at 30 June 2018	485,000,000	2,599,808,274	48,500,000	18,600,595,234	21,733,903,508	9,213,807,107	30,947,710,615

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Asia Aviation Public Company Limited and its subsidiary
Statement of changes in shareholders' equity (continued)
For the six-month period ended 30 June 2018

(Unit: Baht)

Separate financial statements

	Issued and	Premium on	Retained earnings		Total
	paid-up		ordinary shares	Appropriated	
	share capital				shareholders'
					equity
Balance as at 1 January 2017	485,000,000	2,599,808,274	48,500,000	4,047,083	3,137,355,357
Profit for the period	-	-	-	3,428,110	3,428,110
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,428,110	3,428,110
Balance as at 30 June 2017	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>7,475,193</u>	<u>3,140,783,467</u>
Balance as at 1 January 2018	485,000,000	2,599,808,274	48,500,000	9,144,717	3,142,452,991
Profit for the period	-	-	-	983,282,118	983,282,118
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	983,282,118	983,282,118
Dividend paid (Note 16)	-	-	-	(969,984,780)	(969,984,780)
Balance as at 30 June 2018	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>22,442,055</u>	<u>3,155,750,329</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Asia Aviation Public Company Limited and its subsidiary**Cash flow statement****For the six-month period ended 30 June 2018**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	1,217,119,189	1,325,131,754	983,558,229	4,285,137
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Write-off of bad debts	-	346,144	-	-
Depreciation and amortisation	808,988,825	689,825,214	2,132	2,132
Net gain on sales of leasehold improvements and equipment	(425,441)	(115,659)	-	-
Provision for long-term employee benefits	42,741,931	32,432,132	-	-
Unrealised (gain) loss on exchange	79,916,178	(256,455,384)	-	-
Interest income	(33,578,887)	(29,221,698)	(58,044)	-
Dividend income	-	-	(982,177,673)	-
Finance costs	348,147,760	330,242,405	-	-
Profit from operating activities before changes in operating assets and liabilities	2,462,909,555	2,092,184,908	1,324,644	4,287,269
Operating assets (increase) decrease				
Trade and other receivables	(79,188,499)	54,824,275	868,500	268,643
Amounts due from related parties	156,498,288	93,282,604	(6,728,442)	6,567,942
Inventories	11,059,843	13,713,494	-	-
Prepaid expenses	(126,763,865)	(30,021,403)	749,298	802,969
Other current assets	51,886,415	131,072,932	(371,432)	(141,802)
Other non-current assets	(69,555,212)	47,661,070	-	-
Operating liabilities increase (decrease)				
Trade payables	21,485,937	(203,500,776)	-	-
Other payables	(117,823,740)	47,803,771	186,495	(593,123)
Amounts due to related parties	43,105,343	(120,908,629)	-	492,000
Unearned income	(464,028,630)	64,835,787	-	-
Accrued expenses	(142,437,659)	(192,729,407)	(2,350,450)	(1,720,094)
Other current liabilities	26,156,461	(51,583,425)	15,217,444	(49,950,607)
Payment of provision for long-term employee benefits	-	(6,425,000)	-	-
Cash flows from (used in) operating activities	1,773,304,237	1,940,210,201	8,896,057	(39,986,803)
Cash paid for income tax	(3,851,234)	(5,404,110)	(390,080)	(580,429)
Net cash flows from (used in) operating activities	1,769,453,003	1,934,806,091	8,505,977	(40,567,232)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Asia Aviation Public Company Limited and its subsidiary**Cash flow statement (continued)****For the six-month period ended 30 June 2018**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Net decrease in restricted deposits at financial institutions	-	1,636,140	-	-
Net decrease in current investments	3,736,910	500,000,000	-	-
Payment for aircraft maintenance reserves	(443,741,233)	(536,401,962)	-	-
Acquisitions of aircrafts, leasehold improvements and equipment	(184,712,105)	(629,964,875)	-	-
Acquisitions of intangible assets	(2,753,006)	(24,030,634)	-	-
Interest income	29,103,054	21,099,008	58,044	-
Dividend income	-	-	982,177,673	-
Proceeds from sales of equipment	551,593	85,640,755	-	-
Net cash flows from (used in) investing activities	(597,814,787)	(582,021,568)	982,235,717	-
Cash flows from financing activities				
Repayment of long-term borrowings	(1,222,979,166)	(796,838,420)	-	-
Proceed from issuance of debentures	2,500,000,000	1,600,000,000	-	-
Payment for front end fee of debentures	(4,000,717)	(2,369,874)	-	-
Payments for early termination of finance lease agreements	-	(724,306,457)	-	-
Cash paid for liabilities under finance lease agreements	(635,167,627)	(580,688,675)	-	-
Interest paid	(331,580,362)	(281,776,907)	-	-
Dividend paid	(1,773,585,067)	-	(969,984,780)	-
Net cash flows used in financing activities	(1,467,312,939)	(785,980,333)	(969,984,780)	-
Net increase (decrease) in cash and cash equivalents	(295,674,723)	566,804,190	20,756,914	(40,567,232)
Cash and cash equivalents at beginning of the period	5,337,959,662	4,661,352,232	127,336,885	112,126,184
Unrealised exchange loss on cash and cash equivalents	(9,925,246)	(19,452,897)	-	-
Cash and cash equivalents at end of the period (Note 3)	5,032,359,693	5,208,703,525	148,093,799	71,558,952
	-	-	-	-
Non-cash items:				
Increase in other payables from acquisitions of equipment	8,931,953	48,920,652	-	-
Acquisitions of aircraft under finance lease agreements	-	2,790,224,535	-	-

The accompanying notes are an integral part of the financial statements.

Asia Aviation Public Company Limited and its subsidiary
Notes to interim consolidated financial statements
For the three-month and six-month periods ended 30 June 2018

1. General information

1.1 The Company's general information

Asia Aviation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in investing in low-fare airline business company. Its registered address is at 222, Don Mueang International Airport, 3rd floor, Central Office Building, Room no. 3200, Vibhavadee Rangsit Road, Sanam Bin Sub-District, Don Mueang District, Bangkok.

1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Asia Aviation Public Company Limited and its subsidiary and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been no changes in the composition of the subsidiary during the periods.

1.4 New financial reporting standards

a. Financial reporting standards that became effective in the current year

During the current periods, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiary's financial statements.

b. Financial reporting standard that will become effective in the future

During the current periods, the Federation of Accounting Professions issued the Thai Financial Reporting Standard No. 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. The standard supersedes Thai Accounting Standard No. 11 Construction Contracts and Thai Accounting Standard No. 18 Revenue, together with related interpretations. An entity is to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires an entity to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiary is evaluating the impact of this standard to the financial statements in the year when it is adopted.

1.5 Significant accounting policies

The interim consolidated financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

2. Related party transactions

During the periods, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the three-month periods ended		For the three-month periods ended		
	30 June		30 June		
	2018	2017	2018	2017	
Transactions with a subsidiary					
(eliminated from the consolidated financial statements)					
Management income	-	-	6	6	Contract price
Dividend income	-	-	982	-	As declared
Transactions with related companies					
Passenger income	-	1	-	-	Contract price
Advertising income	-	13	-	-	Contract price
Interest income	1	1	-	-	6 percent per annum
Other administrative income	11	4	-	-	Contract price
Commission from sales of duty free goods	-	4	-	-	Contract price
Share of gain from fuel price swap agreements	123	32	-	-	Allocated based on usage
Allocated staff cost for accounting and other service expenses	17	26	-	-	Contract price
Aircraft and aircraft engines rental	984	1,102	-	-	Contract price
Aircraft repair and maintenance	550	521	-	-	Market price
Purchases of merchandises and equipment	9	6	-	-	Market price
Management expenses	4	4	-	-	Contract price
Booking fee expenses	46	44	-	-	Contract price
Pilot training expenses	-	17	-	-	Contract price
Brand license fee expenses	144	127	-	-	1.5 percent of total income
Sponsorship fee paid to Leicester City Football Club	-	25	-	-	Contract price
Sponsorship fee paid to Thailand Polo Association	-	1	-	-	Contract price
Ground handling service expenses	-	6	-	-	Contract price
Security expenses	2	8	-	-	Contract price
Dividend paid	804	-	-	-	As declared

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	For the six-month		For the six-month		
	periods ended		periods ended		
	30 June		30 June		
	2018	2017	2018	2017	
Transactions with a subsidiary					
(eliminated from the consolidated financial statements)					
Management income	-	-	19	13	Contract price
Dividend income	-	-	982	-	As declared
Transactions with related companies					
Passenger income	-	10	-	-	Contract price
Advertising income	-	24	-	-	Contract price
Interest income	1	3	-	-	6 percent per annum
Other administrative income	19	13	-	-	Contract price
Commission from sales of duty free goods	-	8	-	-	Contract price
Share of gain from fuel price swap agreements	212	212	-	-	Allocated based on usage
Allocated staff cost for accounting and other service expenses	36	39	-	-	Contract price
Aircraft and aircraft engines rental	1,976	2,225	-	-	Contract price
Aircraft repair and maintenance	1,068	1,055	-	-	Market price
Purchases of merchandises and equipment	24	9	-	-	Market price
Management expenses	8	8	-	-	Contract price
Booking fee expenses	93	89	-	-	Contract price
Pilot training expenses	-	49	-	-	Contract price
Brand license fee expenses	315	265	-	-	1.5 percent of total income
Sponsorship fee paid to Leicester City Football Club	-	50	-	-	Contract price
Donation paid to King Power Foundation	-	5	-	-	Contract price
Sponsorship fee paid to Thailand Polo Association	-	1	-	-	Contract price
Ground handling service expenses	-	6	-	-	Contract price
Security expenses	5	8	-	-	Contract price
Conference room and other service expenses	1	-	-	-	Contract price
Dividend paid	804	-	-	-	As declared

As at 30 June 2018 and 31 December 2017, the outstanding balances between the Company, the subsidiary and those related parties are as follows.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Receivables - related parties				
Subsidiary	-	-	6,687,500	-
Related companies (common shareholders and/or directors)	789,179,112	944,932,121	160,500	119,558
Total	789,179,112	944,932,121	6,848,000	119,558
Aircraft maintenance reserves - related party (Note 6)				
Related company (common shareholders and directors)	4,096,005,434	3,652,264,201	-	-
Total	4,096,005,434	3,652,264,201	-	-
Other non-current assets - related parties				
<i>Deposits for lease of aircraft and aircraft engines</i>				
Related company (common shareholders and directors)	667,061,365	657,120,066	-	-
<i>Deposits for fuel price swap agreements</i>				
Related company (common shareholders and directors)	16,503,250	16,257,300	-	-
<i>Other deposits</i>				
Related company (common directors)	20,000,000	-	-	-
Total	703,564,615	673,377,366	-	-
Payables- related parties				
Related companies (common shareholders and/or directors)	213,197,557	170,092,214	-	-
Total	213,197,557	170,092,214	-	-

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2018	2017	2018	2017
Short-term employee benefits	30,444,438	27,267,492	1,820,000	1,720,000
Post-employment benefits	1,797,536	1,405,714	-	-
Total	32,241,974	28,673,206	1,820,000	1,720,000

(Unaudited but reviewed)

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Short-term employee benefits	86,181,091	81,580,641	4,200,000	3,660,000
Post-employment benefits	3,595,073	2,811,426	-	-
Total	89,776,164	84,392,067	4,200,000	3,660,000

3. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Cash	15,517,847	8,567,450	-	-
Bank deposits	5,016,841,846	5,329,392,212	148,093,799	127,336,885
Total	5,032,359,693	5,337,959,662	148,093,799	127,336,885

4. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
<u>Trade receivables</u>				
Aged				
Up to 3 months	442,265,510	376,466,466	-	-
3 - 6 months	18,347,801	1,402,061	-	-
6 - 12 months	2,664,072	2,085,779	-	-
Over 12 months	1,523,314	1,786,035	-	-
Total trade receivables	464,800,697	381,740,341	-	-
<u>Other receivables</u>				
Accrued airport fee and incentive income				
	18,115,878	16,886,607	-	-
Accrued income	15,374,746	14,578,906	-	1,350,000
Others	40,577,609	42,560,907	481,500	-
Total other receivables	74,068,233	74,026,420	481,500	1,350,000
Total trade and other receivables	538,868,930	455,766,761	481,500	1,350,000

5. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements is as follows.

Company's name	(Unit: Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	30 June 2018	31 December 2017	30 June 2018 (%)	31 December 2017 (%)	30 June 2018	31 December 2017
Thai AirAsia Company Limited	435,555,600	435,555,600	55	55	<u>3,067,114,370</u>	<u>3,067,114,370</u>

During the three-month and six-month periods ended 30 June 2018, the Company had dividend received from the subsidiary amounted to Baht 982 million and Baht 982 million, respectively (2018: none).

6. Aircraft maintenance reserves

Movements of the aircraft maintenance reserves account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Baht)
	Consolidated financial statements
Net book value as at 1 January 2018	3,652,264,201
Additions	443,741,233
Net book value as at 30 June 2018	<u>4,096,005,434</u>

7. Aircraft, leasehold improvement and equipment

Movements of the aircraft, leasehold improvement and equipment account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	25,472,747,919	8,801
Acquisitions - at cost	193,644,058	-
Disposals/write-off - net book value at disposals/write-off date	(126,152)	-
Depreciation	<u>(804,021,690)</u>	<u>(2,132)</u>
Net book value as at 30 June 2018	<u>24,862,244,135</u>	<u>6,669</u>

As at 30 June 2018, the subsidiary had aircraft with net book value of Baht 17,994 million (31 December 2017: Baht 18,515 million) which were acquired under finance lease agreements.

The subsidiary has pledged its aircraft amounting to approximately Baht 2,409 million (31 December 2017: Baht 2,476 million) as collateral against credit facilities received from financial institutions.

8. Intangible assets

Movements of intangible assets during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2018	14,889,077,519	1
Acquisitions - at cost	2,753,006	-
Amortisation	(4,967,134)	-
Net book value as at 30 June 2018	<u>14,886,863,391</u>	<u>1</u>

9. Long-term borrowings from financial institutions

	(Unit: Baht)	
	<u>Consolidated financial statements</u>	
	<u>30 June 2018</u>	<u>31 December 2017</u>
Current portion of long-term borrowings from financial institutions	253,746,082	1,349,210,475
Less: Front end fee	(1,130,000)	(1,130,000)
Total current borrowings	<u>252,616,082</u>	<u>1,348,080,475</u>
Long-term borrowings from financial institutions - net of current portion	1,858,856,134	1,986,370,907
Less: Front end fee	(1,469,919)	(2,034,919)
Total non-current borrowings	<u>1,857,386,215</u>	<u>1,984,335,988</u>
Total long-term borrowings from financial institutions	<u>2,110,002,297</u>	<u>3,332,416,463</u>

Movements of long-term borrowings from financial institutions account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Baht)
	<u>Consolidated</u>
	<u>financial statements</u>
Balance as at 1 January 2018	3,332,416,463
Amortisation of front end fee	565,000
Repayment of long-term borrowings from financial institutions	<u>(1,222,979,166)</u>
Balance as at 30 June 2018	<u>2,110,002,297</u>

The long-term borrowings are secured by the pledge of the subsidiary's aircraft as described in Note 7.

10. Debentures

	(Unit: Baht)	
	<u>Consolidated financial statements</u>	
	<u>30 June 2018</u>	<u>31 December 2017</u>
Debentures	4,100,000,000	1,600,000,000
Less: Front end fee	(5,677,559)	(1,994,388)
Debentures - net	<u>4,094,322,441</u>	<u>1,598,005,612</u>

Debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 30 June 2018 amounted to Baht 4,127 million (31 December 2017: Baht 1,625 million).

Movements of debentures account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Baht)
	<u>Consolidated financial statements</u>
Balance as at 1 January 2018	1,598,005,612
Issuance during the period	2,500,000,000
Payment for front end fee	(4,000,717)
Amortisation of front end fee	317,546
Balance as at 30 June 2018	<u>4,094,322,441</u>

On 26 November 2018, the subsidiary issued two tranches of debentures no. 1/2018, which are named-registered, unsubordinated and unsecured in Baht currency, as the following details.

- a) The first tranches of the debenture is value at Baht 1,500 million. Debentures bear a fixed interest rate at 2.56% per annum in which interest is payable semi-annually. Term of debentures is three years from the issuance date.
- b) The second tranches of the debenture is value at Baht 1,000 million. Debentures bear a fixed interest rate at 2.95% per annum in which interest is payable semi-annually. Term of debentures is five years from the issuance date.

The subsidiary intended to use the proceeds from the issuance for general investment purpose and/or for loan repayment and/or for working capital.

11. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated financial statements	
	30 June 2018	31 December 2017
Liabilities under finance lease agreements	16,850,780,737	17,421,346,538
Less: Deferred interest expenses	(2,855,751,086)	(2,890,390,622)
Total	13,995,029,651	14,530,955,916
Less: Portion due within one year	(1,308,408,872)	(1,299,335,216)
Liabilities under finance lease agreements - net of current portion	<u>12,686,620,779</u>	<u>13,231,620,700</u>

The subsidiary has entered into the finance lease agreements for rental of aircraft for use in its operation, whereby it is committed to pay rental on monthly and quarterly basis. The terms of the agreements are generally between 11 and 12 years.

Future minimum lease payments required under the finance lease agreements were as follows.

(Unit: Baht)

	Consolidated financial statements			
	30 June 2018			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	1,842,116,570	7,368,466,280	7,640,197,887	16,850,780,737
Deferred interest expenses	(533,707,698)	(1,598,075,144)	(723,968,244)	(2,855,751,086)
Present value of future minimum lease payments	<u>1,308,408,872</u>	<u>5,770,391,136</u>	<u>6,916,229,643</u>	<u>13,995,029,651</u>

(Unit: Baht)

	Consolidated financial statements			
	31 December 2017			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	1,812,725,383	7,250,901,531	8,357,719,624	17,421,346,538
Deferred interest expenses	(513,390,167)	(1,569,571,181)	(807,429,274)	(2,890,390,622)
Present value of future minimum lease payments	<u>1,299,335,216</u>	<u>5,681,330,350</u>	<u>7,550,290,350</u>	<u>14,530,955,916</u>

12. Income tax

Interim corporate income tax was calculated on profit (loss) before income tax for the periods, using the estimated effective tax rate for the year.

Income tax (revenue) expense for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(148,575,817)	(55,274,978)	257,011	195,218
Income tax (revenue) expense reported in the statement of comprehensive income	(148,575,817)	(55,274,978)	257,011	195,218

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(51,074,490)	(19,287,309)	276,111	857,027
Income tax (revenue) expense reported in the statement of comprehensive income	(51,074,490)	(19,287,309)	276,111	857,027

13. Promotional privileges

During the current periods, the subsidiary received promotional tax privileges from the Board of Investment for air transport operations for 2 aircraft. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 5 years from the date the promoted operation begins generating revenues.

14. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the periods attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the periods.

15. Segment information

The Company and its subsidiary are organised into business units. During the current periods, the Company and its subsidiary have not changed the organisation of the reportable segments.

Revenues and profit (loss) information regarding the Company's and its subsidiary's operating segments for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows.

	(Unit: Baht)					
	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	Consolidated
For the three-month period ended 30 June 2018						
Revenues						
Revenues from external customers	8,788,893,948	261,707,419	-	9,050,601,367	-	9,050,601,367
Intersegment revenues	-	-	6,250,000	6,250,000	(6,250,000)	-
Total revenues	8,788,893,948	261,707,419	6,250,000	9,056,851,367	(6,250,000)	9,050,601,367
Operating result						
Segment profit (loss)	(789,487,218)	52,564,723	1,227,011	(735,695,484)	-	(735,695,484)
Other income						251,995,352
Loss on exchange rate						(49,164,631)
Finance costs						(177,201,969)
Loss before income tax						(710,066,732)
Income tax revenue						148,575,817
Loss for the period						(561,490,915)

(Unaudited but reviewed)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	Consolidated
For the three-month period 30 June 2017						
Revenues						
Revenues from external customers	7,970,804,051	379,406,900	-	8,350,210,951	-	8,350,210,951
Intersegment revenues	-	-	6,250,000	6,250,000	(6,250,000)	-
Total revenues	7,970,804,051	379,406,900	6,250,000	8,356,460,951	(6,250,000)	8,350,210,951
Operating result						
Segment profit	108,828,236	79,127,052	819,208	188,774,496	-	188,774,496
Unallocated costs						(1,536,388)
Gain on exchange rate						30,145,486
Other income						208,749,104
Finance costs						(171,771,938)
Profit before income tax						254,360,760
Income tax revenue						55,274,978
Profit for the period						309,635,738

(Unaudited but reviewed)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	Consolidated
For the six-month period ended 30 June 2018						
Revenues						
Revenues from external customers	19,689,797,958	615,103,438	-	20,304,901,396	-	20,304,901,396
Intersegment revenues	-	-	18,750,000	18,750,000	(18,750,000)	-
Total revenues	<u>19,689,797,958</u>	<u>615,103,438</u>	<u>18,750,000</u>	<u>20,323,651,396</u>	<u>(18,750,000)</u>	<u>20,304,901,396</u>
Operating result						
Segment profit	799,457,381	173,142,059	1,333,087	973,932,527	-	973,932,527
Gain on exchange rate						28,327,684
Other income						563,006,738
Finance costs						<u>(348,147,760)</u>
Profit before income tax						1,217,119,189
Income tax revenue						<u>51,074,490</u>
Profit for the period						<u>1,268,193,679</u>

(Unaudited but reviewed)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	Consolidated
For the six-month period 30 June 2017						
Revenues						
Revenues from external customers	16,738,009,151	773,929,342	-	17,511,938,493	-	17,511,938,493
Intersegment revenues	-	-	12,500,000	12,500,000	(12,500,000)	-
Total revenues	16,738,009,151	773,929,342	12,500,000	17,524,438,493	(12,500,000)	17,511,938,493
Operating result						
Segment profit	848,579,198	186,596,995	3,562,402	1,038,738,595	-	1,038,738,595
Unallocated costs						(6,148,075)
Gain on exchange rate						173,728,151
Other income						449,055,488
Finance costs						(330,242,405)
Profit before income tax						1,325,131,754
Income tax revenue						19,287,309
Profit for the period						1,344,419,063

16. Dividend paid

(Unit: Baht)			
Dividend	Approved by	Dividend paid	Dividend per share
Interim dividend for 2018	Board of Directors' Meeting on 11 May 2018	<u>969,984,780</u>	<u>0.20</u>

17. Commitments and contingent liabilities**17.1 Capital commitments**

As at 30 June 2018, the subsidiary had commitments of approximately USD 2,348,636 (31 December 2017: USD 2,331,194), relating to the maintenance service agreement for aircraft made with AirAsia Berhad, a related company.

17.2 Operating aircraft lease agreements

The subsidiary had the future aggregate minimum lease payment in respect of operating aircraft lease agreements made with AirAsia (Mauritius) Limited, a related company, and other lessors, and insurance agreements of aircraft and aircraft engines, in respect of non-cancellable, as below.

	Consolidated financial statements			
	30 June 2018		31 December 2017	
	Lease agreements	Insurance agreements	Lease agreements	Insurance agreements
Payable:				
In up to 1 year	158,632,265	2,953,128	146,254,409	1,731,785
In over 1 and up to 5 years	457,037,884	-	450,960,870	-
In over 5 years	207,271,192	-	154,582,432	-
Total	<u>822,941,341</u>	<u>2,953,128</u>	<u>751,797,711</u>	<u>1,731,785</u>
Total equivalent to Thai Baht	<u>27,426,824,425</u>	<u>98,421,268</u>	<u>24,694,449,773</u>	<u>56,884,288</u>

17.3 Operating lease commitments

The subsidiary had the future minimum lease payments in respect of non-cancellable office, office equipment and ground support equipment leases as follows.

	Consolidated financial statements	
	30 June 2018	31 December 2017
	Payable:	
In up to 1 year	106,551,792	143,864,226
In over 1 and up to 5 years	89,456,605	6,483,665
In over 5 years	684,888	-
Total	<u>196,693,285</u>	<u>150,347,891</u>

17.4 Guarantees

- 1) As at 30 June 2018, the subsidiary had guarantee obligations for pilot trainees' education loans from a bank for commercial pilot license courses amounting to Baht 151 million (31 December 2017: Baht 86 million) with the term of guarantees of 18 months from the start date of each loan agreement.
- 2) The subsidiary 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.

(Unit: Million)

	Consolidated financial statement									
	30 June 2018					31 December 2017				
	Baht	USD	MYR	SGD	INR	Baht	USD	MYR	SGD	INR
Guarantees relating to flight operating activities	7.90	0.60	1.00	1.81	81.82	7.90	0.60	1.00	1.81	83.36
Guarantees relating to maintenance reserve fund	-	45.09	-	-	-	-	42.23	-	-	-
Total	7.90	45.69	1.00	1.81	81.82	7.90	42.83	1.00	1.81	83.36
Total equivalent to Thai Baht	7.90	1,522.57	8.33	44.55	42.34	7.90	1,406.85	8.17	44.76	45.45

18. Fair value hierarchy

As at 30 June 2018 and 31 December 2017, the subsidiary had assets and liabilities in USD and Baht currencies disclosed at fair value which the hierarchy is level 2 as follows.

(Unit: Baht)

	Consolidated financial statements			
	30 June 2018		31 December 2017	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Assets disclosed at fair value				
Derivatives				
Fuel price swap agreements	80,094,786	-	164,574,209	-
Interest rate swap agreements	173,131,085	-	95,847,815	-
Foreign exchange forward contracts	21,544,338	-	-	-
Liabilities disclosed at fair value				
Derivatives				
Interest rate swap agreements	-	44,560,532	-	65,881,468
Foreign exchange forward contracts	205,122,581	-	233,934,268	-
Cross currency swap agreement	30,529,546	-	79,991,180	-
Debentures	-	4,127,460,667	-	1,624,836,995

During the current periods, there were no transfers within the fair value hierarchy.

19. Events after the reporting period

- 19.1 On 13 July 2018, the subsidiary entered into a fixed interest rate loan agreement with a local bank amounting to Baht 1,226 million in order to fund the acquisition of new aircraft. The loan has a term of 12 years and is secured by the pledge of the newly acquired aircraft, as described in Note 19.3. The loan agreement contains certain financial covenants relating to matters such as the maintenance of financial ratios.
- 19.2 On 18 July 2018, the subsidiary received promotional tax privileges from the Board of Investment for air transport operations for 2 aircraft. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 5 years from the date the promoted operation begins generating revenues.
- 19.3 On 30 July 2018, the subsidiary received an aircraft that was acquired using cash flows generated from the business operations and the loan under the agreement discussed in Note 19.1.

20. Reclassifications

The subsidiary reclassified certain amounts in the comprehensive income statements for the three-month and six-month periods ended 30 June 2017 to conform to the current periods' classifications, as follows.

(Unit: Baht)

	Consolidated financial statements	
	For the three-month period ended 30 June 2017	
	As reclassified	As previously reported
Revenues from sales and services	8,350,210,951	8,335,641,014
Other income	208,749,104	223,319,041
Cost of sales and services	7,479,107,348	7,465,703,530
Selling expenses	376,266,860	375,585,257
Administrative expenses	307,598,635	321,684,056

(Unaudited but reviewed)

(Unit: Baht)

	Consolidated financial statements	
	For the six-month period ended 30 June 2017	
	As reclassified	As previously reported
Revenues from sales and services	17,511,938,493	17,485,873,375
Other income	449,055,488	475,120,606
Cost of sales and services	15,061,722,303	15,034,914,655
Selling expenses	756,513,783	755,150,568
Administrative expenses	661,111,887	689,282,750

The reclassifications had no effect to previously reported profit or shareholders' equity.

21. Approval of interim financial statements

These interim consolidated financial statements were authorised for issue by the Company's Board of Directors on 9 August 2018.