

THAI AIRASIA COMPANY LIMITED

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2016



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Thai AirAsia Company Limited

I have reviewed the accompanying statements of financial position as at 30 June 2016, the related statements of comprehensive income for the three-month and six-month period then ended, changes in shareholders' equity and cash flows for the six-month period then ended, and condensed notes to interim financial information of Thai AirAsia Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

A handwritten signature in blue ink, appearing to read 'Chanchai Chaiprasit'.

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

Bangkok
15 August 2016

Thai AirAsia Company Limited
Statement of Financial Position
As at 30 June 2016

		Unaudited	Audited
		30 June	31 December
		2016	2015
	Notes	Baht	Baht
Assets			
Current assets			
Cash and cash equivalents		6,919,581,141	6,071,376,910
Cash at financial institutions pledged as security		316,385,019	358,741,649
Short-term investments	5	850,164,199	1,109,230,126
Trade and other receivables, net	6	392,124,691	439,190,726
Amounts due from related parties	11.4	804,170,977	326,208,917
Inventories		134,727,143	92,596,351
Prepaid expenses		307,739,162	314,770,946
Other current assets		76,615,721	61,720,089
Total current assets		9,801,508,053	8,773,835,714
Non-current assets			
Cash at financial institutions pledged as security		-	6,441,435
Long-term investments		11,832,300	11,832,300
Aircraft maintenance reserves	11.5	2,107,928,528	1,066,380,311
Aircraft, leasehold improvements and equipment, net	7	17,656,154,980	18,135,081,588
Intangible assets, net	7	13,514,585	12,194,785
Other non-current assets		1,061,563,289	1,001,821,169
Total non-current assets		20,850,993,682	20,233,751,588
Total assets		30,652,501,735	29,007,587,302

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

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2016

		Unaudited	Audited
		30 June	31 December
		2016	2015
	Notes	Baht	Baht
Liabilities and shareholders' equity			
Current liabilities			
Trade accounts payable		304,210,053	335,807,004
Other accounts payable		268,057,784	194,558,325
Amounts due to related parties	11.7	759,755,869	917,878,501
Deferred revenues		4,072,043,331	4,030,229,013
Accrued expenses		1,394,542,313	1,515,029,527
Current portion of finance lease liabilities	8	1,270,227,823	1,261,443,422
Other current liabilities		53,442,730	39,235,045
Total current liabilities		8,122,279,903	8,294,180,837
Non-current liabilities			
Finance lease liabilities	8	11,965,094,554	12,775,395,312
Deferred tax liabilities, net		519,007,795	511,948,077
Employee benefit obligations		189,610,924	168,945,620
Total non-current liabilities		12,673,713,273	13,456,289,009
Total liabilities		20,795,993,176	21,750,469,846

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

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2016

	Unaudited	Audited
	30 June	31 December
	2016	2015
	Baht	Baht
	<u> </u>	<u> </u>
Liabilities and shareholders' equity		
(Cont'd)		
Shareholders' equity		
Share capital		
Authorised share capital		
Ordinary shares, 43,555,560 shares		
of par Baht 10 each	435,555,600	435,555,600
	<u> </u>	<u> </u>
Issued and paid-up share capital		
Ordinary shares, 43,555,560 shares		
of paid-up Baht 10 each	435,555,600	435,555,600
Premium on share capital	2,628,786,469	2,628,786,469
Retained earnings		
Appropriated		
Legal reserve	43,555,560	43,555,560
Unappropriated	6,748,610,930	4,149,219,827
	<u> </u>	<u> </u>
Total shareholders' equity	<u>9,856,508,559</u>	<u>7,257,117,456</u>
Total liabilities and shareholders' equity	<u>30,652,501,735</u>	<u>29,007,587,302</u>

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

Thai AirAsia Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2016

	Notes	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2016 Baht	Unaudited 2015 Baht
Revenues from sales and services		6,884,952,805	7,755,851,092	6,884,952,805
Cost of sales of goods and services		(6,037,287,529)	(6,551,928,012)	(6,037,287,529)
Gross profit		847,665,276	1,203,923,080	847,665,276
Net gain on exchange rates		-	28,316,405	-
Other income		188,078,568	182,416,014	188,078,568
Profit before expenses		1,035,743,844	1,414,655,499	1,035,743,844
Selling expenses		(307,726,428)	(346,882,880)	(307,726,428)
Administrative expenses		(193,085,606)	(266,890,535)	(193,085,606)
Net loss on exchange rates		(83,618,999)	-	(83,618,999)
Profit before finance costs, share of loss from investment in an associate and income tax		451,312,811	800,882,084	451,312,811
Finance costs		(143,300,970)	(109,207,379)	(143,300,970)
Profit before share of loss from investment in an associate and income tax		308,011,841	691,674,705	308,011,841
Share of loss from investment in an associate		(91,763)	-	-
Profit before income tax		307,920,078	691,674,705	308,011,841
Income tax	9	66,177,917	75,890,739	66,177,917
Net profit for the period		374,097,995	767,565,444	374,189,758
Total comprehensive income for the period		374,097,995	767,565,444	374,189,758
Earnings per share				
Basic earnings per share	10	8.59	17.62	8.59

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

Thai AirAsia Company Limited
Statement of Comprehensive Income (Cont'd)
For the six-month period ended 30 June 2016

	Notes	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2016 Baht	Unaudited 2015 Baht
Revenues from sales and services		14,619,128,937	16,708,345,441	14,619,128,937
Cost of sales of goods and services		(12,189,185,159)	(13,015,035,616)	(12,189,185,159)
Gross profit		2,429,943,778	3,693,309,825	2,429,943,778
Net gain on exchange rates		-	25,875,823	-
Other income		386,399,161	414,359,407	386,399,161
Profit before expenses		2,816,342,939	4,133,545,055	2,816,342,939
Selling expenses		(678,705,456)	(736,952,903)	(678,705,456)
Administrative expenses		(399,550,894)	(542,149,291)	(399,550,894)
Net loss on exchange rates		(68,928,108)	-	(68,928,108)
Profit before finance costs, share of loss from investment in an associate and income tax		1,669,158,481	2,854,442,861	1,669,158,481
Finance costs		(251,434,550)	(235,984,164)	(251,434,550)
Profit before share of loss from investment in an associate and income tax		1,417,723,931	2,618,458,697	1,417,723,931
Share of loss from investment in an associate		(182,038)	-	-
Profit before income tax		1,417,541,893	2,618,458,697	1,417,723,931
Income tax	9	(120,755,710)	(19,067,594)	(120,755,710)
Net profit for the period		1,296,786,183	2,599,391,103	1,296,968,221
Total comprehensive income for the period		1,296,786,183	2,599,391,103	1,296,968,221
Earnings per share				
Basic earnings per share	10	29.77	59.68	29.78

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

Thai AirAsia Company Limited
Statement of Changes in Shareholders' Equity
For the six-month period ended 30 June 2016

	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 (Audited)	435,555,600	2,628,786,469	-	3,136,637,372	6,200,979,441
Total comprehensive income for the period	-	-	-	1,296,968,221	1,296,968,221
Closing balance as at 30 June 2015 (Unaudited)	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>-</u>	<u>4,433,605,593</u>	<u>7,497,947,662</u>
Opening balance as at 1 January 2016 (Audited)	435,555,600	2,628,786,469	43,555,560	4,149,219,827	7,257,117,456
Total comprehensive income for the period	-	-	-	2,599,391,103	2,599,391,103
Closing balance as at 30 June 2016 (Unaudited)	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>6,748,610,930</u>	<u>9,856,508,559</u>

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

Thai AirAsia Company Limited
Statement of Cash Flows
For the six-month period ended 30 June 2016

	Equity Method	Company	
		Unaudited	Unaudited
	2015	2016	2015
Note	Baht	Baht	Baht
Cash flows from operating activities			
Profit before income tax	1,417,541,893	2,618,458,697	1,417,723,931
Adjustments for:			
Depreciation	7 543,308,364	562,190,624	543,308,364
Amortisation	7 2,440,826	2,086,800	2,440,826
Amortisation of prepaid expenses	106,691,761	68,310,533	106,691,761
(Gain) loss on disposals of leasehold improvements and equipment	1,916,741	(1,567,467)	1,916,741
Employee benefit expenses	21,089,287	22,265,304	21,089,287
Net (gain) loss on exchange rates	120,506,012	(146,396,131)	120,506,012
Net gain on fair value adjustment in investments in private funds	(27,192)	-	(27,192)
Share of loss from investment in an associate	182,038	-	-
Finance costs	251,434,550	235,984,164	251,434,550
Interest income	(56,450,399)	(37,008,335)	(56,450,399)
	2,408,633,881	3,324,324,189	2,408,633,881
Changes in operating assets and liabilities:			
- Trade and other receivables	29,191,389	44,197,278	29,191,389
- Amounts due from related parties	(304,717,951)	(481,569,051)	(304,717,951)
- Inventories	(23,414,703)	(42,130,792)	(23,414,703)
- Prepaid expenses	(316,573,954)	(61,278,749)	(316,573,954)
- Value added tax receivable	31,188,433	-	31,188,433
- Other current assets	(2,014,330)	(11,909,896)	(2,014,330)
- Other non-current assets	(96,017,240)	(59,742,120)	(96,017,240)
- Trade accounts payable	27,279,559	(31,596,951)	27,279,559
- Other accounts payable	(39,862,435)	73,499,459	(39,862,435)
- Amounts due to related parties	(101,279,365)	(158,122,632)	(101,279,365)
- Deferred revenues	(829,999,951)	41,814,318	(829,999,951)
- Accrued expenses	(34,145,400)	(94,083,476)	(34,145,400)
- Other current liabilities	(32,973,789)	14,207,685	(32,973,789)
Cash generated from operating activities	715,294,144	2,557,609,262	715,294,144
Income tax paid	(3,608,078)	(14,993,613)	(3,608,078)
Interest received	18,134,446	28,056,533	18,134,446
Employee benefit paid	-	(1,600,000)	-
Net cash generated from operating activities	729,820,512	2,569,072,182	729,820,512

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

Thai AirAsia Company Limited
Statement of Cash Flows (Cont'd)
For the six-month period ended 30 June 2016

	Equity method	Company	
	Unaudited	Unaudited	Unaudited
	2015	2016	2015
Note	Baht	Baht	Baht
Cash flows from investing activities			
Decrease (increase) in cash at financial institutions			
pledged as security	(247,785,308)	40,191,481	(247,785,308)
Decrease (increase) in short-term investments	(29,442,285)	250,000,000	(29,442,285)
Decrease in investments in private funds	10,507,428	-	10,507,428
Decrease in long-term investments	500,000,000	-	500,000,000
Payment for investment in an associate	(2,500,000)	-	(2,500,000)
Payment for Aircraft maintenance reserves	-	(1,041,548,217)	-
Proceeds from disposals of leasehold			
improvements and equipment	1,490,418	63,408,425	1,490,418
Payments for aircraft, leasehold			
improvements and equipment	(738,037,225)	(137,510,965)	(738,037,225)
Payments for intangible assets	7 (4,167,282)	(3,406,600)	(4,167,282)
Interest received	79,909,763	16,819,583	79,909,763
Net cash used in investing activities	(430,024,491)	(812,046,293)	(430,024,491)
Cash flows from financing activities			
Repayments of finance leases	(486,102,215)	(595,012,588)	(486,102,215)
Interest paid	(235,490,097)	(302,079,441)	(235,490,097)
Net cash used in financing activities	(721,592,312)	(897,092,029)	(721,592,312)
Net increase (decrease) in cash and cash equivalents			
	(421,796,291)	859,933,860	(421,796,291)
Cash and cash equivalents			
at the beginning of the period	4,783,432,668	6,071,376,910	4,783,432,668
Exchange gain (loss) on cash and cash equivalents	50,877,092	(11,729,629)	50,877,092
Cash and cash equivalents at the end of the period	4,412,513,469	6,919,581,141	4,412,513,469

Non-cash transactions

Significant non-cash transactions during the six-month period ended 30 June 2016 and 2015 are as follows:

Purchases of aircraft spare parts			
which have not been paid	36,772,443	7,594,009	36,772,443
Purchases of aircraft under finance lease			
agreements	2,113,694,235	-	2,113,694,235

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

1 General information

Thai AirAsia Company Limited (“the Company”) is a limited 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 principal business operation of the Company is to provide low-fare airline services.

On 4 May 2012, the Company was changed from a joint venture of Asia Aviation Public Company Limited, incorporated in Thailand and AirAsia Investment Ltd., incorporated in Malaysia to a subsidiary of Asia Aviation Public Company Limited in accordance with “Amended and Restated Shareholders’ Agreement” between Asia Aviation Public Company Limited and AirAsia Investment Ltd., which own 55% and 45% of the Company’s shares, respectively.

This interim financial information was approved by the Board of Directors on 9 August 2016.

This interim financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

This interim financial information was prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial information (i.e. statement of financial position, statements of comprehensive income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34 (revised 2015), “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2015.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the financial statements for the year ended 31 December 2015.

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

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

2 Accounting policies (Cont'd)

2.2 New financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations (collectively called financial reporting standards)

The Company has applied the new and revised financial reporting standards effective on 1 January 2016 which were disclosed to financial statement for the year ended 31 December 2015. The application of those financial reporting standards does not have significant impact to the interim financial information.

3 Estimates

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

In preparing this interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2015.

4 Segment information

Financial information by business segments

	For the three-month period ended 30 June 2016 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	7,203,298,632	552,552,460	7,755,851,092
Profit from operation	433,913,889	156,235,776	590,149,665
Net gain on exchange rates			28,316,405
Other income			182,416,014
Finance costs			(109,207,379)
Profit before income tax			691,674,705
Income tax			75,890,739
Net profit for the period			767,565,444
Total assets			30,652,501,735

Thai AirAsia Company Limited
Condensed Notes to Interim Financial Information
For the six-month period ended 30 June 2016

4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	For the three-month period ended 30 June 2015 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	6,355,200,557	529,752,248	6,884,952,805
Profit from operation	228,595,685	118,257,557	346,853,242
Other income			188,078,568
Net loss on exchange rates			(83,618,999)
Finance costs			(143,300,970)
Profit before income tax			308,011,841
Income tax			66,177,917
Net profit for the period			374,189,758
Total assets			27,993,585,587

	For the six-month period ended 30 June 2016 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	15,636,124,184	1,072,221,257	16,708,345,441
Profit from operation	2,112,148,722	302,058,909	2,414,207,631
Net gain on exchange rates			25,875,823
Other income			414,359,407
Finance costs			(235,984,164)
Profit before income tax			2,618,458,697
Income tax			(19,067,594)
Net profit for the period			2,599,391,103
Total assets			30,652,501,735

Thai AirAsia Company Limited
Condensed Notes to Interim Financial Information
For the six-month period ended 30 June 2016

4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	For the six-month period ended 30 June 2015 (Unaudited)		
	Scheduled flight operations	Charter flight operations	Total
	Baht	Baht	Baht
Revenues from sales and services	13,586,944,860	1,032,184,077	14,619,128,937
Profit from operation	1,128,449,010	223,238,418	1,351,687,428
Other income			386,399,161
Net loss on exchange rates			(68,928,108)
Finance costs			(251,434,550)
Profit before income tax			1,417,723,931
Income tax			(120,755,710)
Net profit for the period			1,296,968,221
Total assets			27,993,585,587

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

The operations of the Company's reporting segments are described as follows:

- Scheduled flight operations: The Company provides passenger air transportation services to routine destinations based on scheduled flights. The Company sells tickets through its distribution channels such as website, sale counters and travel agents etc.
- Charter flight operations: The Company 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 Company measures its profit or loss from operation in the financial information. Net gain (loss) on exchange rates, other income, finance costs, share of gain (loss) from investment in an associate and income tax are not allocated to each reporting segment.

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

5 Short-term investments

	Unaudited	Audited
	30 June	31 December
	2016	2015
	Baht	Baht
Fixed deposits	850,164,199	1,109,230,126

As at 30 June 2016, short term investments comprise fixed deposits of US Dollars 9.99 million and Baht 500 million (as at 31 December 2015: US Dollars 9.99 million and Baht 750 million). Fixed deposits have the period of 5-month to 12-month and bear interests at the rates of 0.80% to 2.00% per annum (2015: 0.80% to 2.00% per annum).

Thai AirAsia Company Limited
Condensed Notes to Interim Financial Information
For the six-month period ended 30 June 2016

6 Trade and other receivables, net

	Unaudited 30 June 2016 Baht	Audited 31 December 2015 Baht
Trade accounts receivable	302,211,553	354,170,114
<u>Less</u> Allowance for doubtful accounts	-	-
Trade accounts receivable, net	302,211,553	354,170,114
Accrued airport incentive	22,703,208	2,843,204
Accrued income	46,068,905	49,568,722
Other accounts receivable	21,141,025	32,608,686
Total trade and other receivables, net	<u>392,124,691</u>	<u>439,190,726</u>

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

	Unaudited 30 June 2016 Baht	Audited 31 December 2015 Baht
Up to 3 months	287,921,470	340,651,599
3 - 6 months	366,449	7,020,344
6 - 12 months	7,796,442	726,806
Over 12 months	6,127,192	5,771,365
Total trade accounts receivable	302,211,553	354,170,114
<u>Less</u> Allowance for doubtful account	-	-
Total trade accounts receivable, net	<u>302,211,553</u>	<u>354,170,114</u>

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

	Aircraft, leasehold improvements and equipment Baht	Intangible assets Baht
For the six-month period ended 30 June 2016		
Opening net book amount (Audited)	18,135,081,588	12,194,785
Additions	145,104,974	3,406,600
Disposals/write-offs, net	(61,840,958)	-
Depreciation/amortisation	(562,190,624)	(2,086,800)
Closing net book amount (Unaudited)	<u>17,656,154,980</u>	<u>13,514,585</u>

8 Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

	Unaudited 30 June 2016 Baht	Audited 31 December 2015 Baht
Within 1 year	1,688,182,113	1,709,396,605
Later than 1 year but not later than 5 years	6,629,597,611	6,765,109,949
Later than 5 years	7,107,596,707	8,033,497,105
<u>Less</u> Future finance charges on finance leases	<u>(2,190,054,054)</u>	<u>(2,471,164,925)</u>
	<u>13,235,322,377</u>	<u>14,036,838,734</u>
Representing lease liabilities:		
- Current portion	1,270,227,823	1,261,443,422
- Non-current portion	11,965,094,554	12,775,395,312
	<u>13,235,322,377</u>	<u>14,036,838,734</u>

The present value of finance lease liabilities is as follows:

	Unaudited 30 June 2016 Baht	Audited 31 December 2015 Baht
Within 1 year	1,656,002,087	1,676,545,078
Later than 1 year but not later than 5 years	5,989,907,300	6,104,530,065
Later than 5 years	5,589,412,990	6,255,763,591
	<u>13,235,322,377</u>	<u>14,036,838,734</u>

9 Income tax

Income tax expense presented in the company statements of comprehensive income is calculated from the taxable net profit at 20% (2015: 20%).

10 Earnings per share

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

	Equity Method		
	Company		
	For the three-month period ended		
	30 June (Unaudited)		
	2015	2016	2015
Net profit for the period (Baht)	374,097,995	767,565,444	374,189,758
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560	43,555,560
Basic earnings per share (Baht per share)	8.59	17.62	8.59

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10 Earnings per share (Cont'd)

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of paid-up ordinary shares outstanding during the period. (Cont'd)

	Equity Method	Company	
	For the six-month period ended		
	30 June (Unaudited)		
	2015	2016	2015
Net profit for the period (Baht)	1,296,786,183	2,599,391,103	1,296,968,221
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560	43,555,560
Basic earnings per share (Baht per share)	29.77	59.68	29.78

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

11 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

On 30 June 2016, the Company was controlled by Asia Aviation Public Company Limited which owned 55% of the Company's shares (as at 31 December 2015: 55%).

On 13 June 2016, Asia Aviation Public Company Limited ("Parent company") changed its major shareholder from the Bijleveld family, also the Parent 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 and sponsorship fee paid to Leicester City Football Club because the Parent 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 Company's shares and AirAsia Berhad's related parties are referred to as other related parties.

The following significant transactions were carried out with related parties:

11.1 Income

	Equity Method	Company	
	For the three-month period ended		
	30 June (Unaudited)		
	2015	2016	2015
	Baht	Baht	Baht
Other related parties			
Interest income	663,903	4,538,010	663,903
Other administrative fee	11,907,846	7,545,884	11,907,846
Commission from sales of duty free goods	-	364,971	-

11 Related party transactions (Cont'd)

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

11.1 Income (Cont'd)

	Equity Method	Company	
	For the six-month period ended 30 June (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
Other related parties			
Interest income	1,602,868	7,548,156	1,602,868
Other administrative fee	20,762,969	22,731,867	20,762,969
Commission from sales of duty free goods	-	364,971	-

11.2 Purchases of goods, services and expenses

	Equity Method	Company	
	For the three-month period ended 30 June (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
Other related parties			
Share of loss from fuel price swap agreements	170,202,766	19,806,151	170,202,766
Share of staff costs for accounting and other services	11,092,648	10,014,184	11,092,648
Aircraft rental	984,149,526	1,125,232,824	984,149,526
Aircraft repair and maintenance	424,631,286	513,164,708	424,631,286
Purchases of merchandises and equipment	67,808,585	29,158,914	67,808,585
Management fee expenses	4,032,944	4,253,832	4,032,944
Booking fee expenses	28,628,078	39,589,339	28,628,078
Pilot training expenses	19,479,887	12,795,419	19,479,887
Brand license fee expenses	70,412,398	78,855,919	70,412,398
Sponsorship fee paid to Leicester City Football Club	-	4,042,460	-
Parent company			
Management fee expenses	6,250,000	6,250,000	6,250,000

11 Related party transactions (Cont'd)

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

11.2 Purchases of goods, services and expenses (Cont'd)

	Equity Method	Company	
	For the six-month period ended 30 June (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
Other related parties			
Share of loss from			
fuel price swap agreements	553,679,743	318,253,100	553,679,743
Share of staff costs for accounting and other services	21,834,093	18,724,371	21,834,093
Aircraft rental	1,930,276,604	2,255,759,124	1,930,276,604
Aircraft repair and maintenance	806,689,985	1,005,130,850	806,689,985
Purchases of merchandises and equipment	146,178,195	67,594,271	146,178,195
Management fee expenses	7,956,672	8,543,616	7,956,672
Booking fee expenses	60,480,151	81,431,507	60,480,151
Pilot training expenses	42,789,867	48,140,379	42,789,867
Brand license fee expenses	149,234,510	169,535,786	149,234,510
Sponsorship fee paid to Leicester City Football Club	-	4,024,600	-
Parent company			
Management fee expenses	12,500,000	12,500,000	12,500,000

11.3 Management remunerations

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

	Equity Method	Company	
	For the three-month period ended 30 June (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
Salaries and other short-term employee benefits	14,024,812	25,676,877	14,024,812
Retirement benefits	1,315,523	2,362,363	1,315,523
	15,340,335	28,039,240	15,340,335
	Equity Method	Company	
	For the six-month period ended 30 June (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
Salaries and other short-term employee benefits	36,822,015	71,832,258	36,822,015
Retirement benefits	2,733,482	4,724,726	2,733,482
	39,555,497	76,556,984	39,555,497

11 Related party transactions (Cont'd)

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

11.4 Amounts due from related parties

	Unaudited 30 June 2016 Baht	Audited 31 December 2015 Baht
Other related parties	804,170,977	326,208,917

Amounts due from related parties have been charged with the interest for overdue amount at 6% per annum (2015: 6% per annum).

11.5 Aircraft maintenance reserves

AirAsia Berhad, a related party, had entered into an Aircraft maintenance services agreement with the Company. Under this agreement, the Company will make prepayments for the aircraft maintenance reserves based on the number of aircraft, number of engines and number of hours flown. These 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.

For the six-month period ended 30 June 2016, the Company had commitment from an Aircraft maintenance services agreement amounting to US Dollars 7,041,455 (as at 31 December 2015: US Dollars 21,960,368).

11.6 Other non-current assets

	Unaudited 30 June 2016 Baht	Audited 31 December 2015 Baht
Other related parties		
Aircraft rental deposits	727,997,193	748,209,343
Fuel price swap deposit	17,508,350	17,961,650
	<u>745,505,543</u>	<u>766,170,993</u>

11.7 Amounts due to related parties

	Unaudited 30 June 2016 Baht	Audited 31 December 2015 Baht
Other related parties	759,755,869	917,878,501

12 Fair value of derivatives financial instruments

The following table presents the fair value of the derivatives used to manage risks as at 30 June 2016.

- 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 fair value of the derivatives used to manage risks as at 30 June 2016.

	Level 2 USD	Level 2 Baht
Assets		
Derivatives used for hedging		
Fuel price swap agreements	4,992,675	-
Total assets	4,992,675	-
Liabilities		
Derivatives used for hedging		
Foreign exchange forward contracts	-	20,430,435
Cross currency swap agreement	-	2,355,768
Interest rate swap agreements	-	199,708,535
Total liabilities	-	222,494,738

The following table presents the fair value of the derivatives used to manage risks as at 31 December 2015.

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

12 Fair value of derivatives financial instruments (Cont'd)

Derivatives instruments are measured at their fair values which were quoted prices of the financial institutions with which the Company entered into derivative instrument agreements. The fair values were based on observable information, such as interest rates, foreign exchange rates and fuel prices commonly quoted in publicly available sources on the date of the statement of financial position. This is within Level 2 of the fair value hierarchy.

13 Commitments

For the six-month period ended 30 June 2016, there were no significant changes in commitments or contingent liabilities from the year ended 31 December 2015 (please see financial statements for the year ended 31 December 2015).

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

	Unaudited 30 June 2016		Audited 31 December 2015	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	141,834,845	3,130,969	126,647,808	1,003,906
Later than 1 year but not later than 5 years	523,233,628	-	481,391,232	-
Later than 5 years	239,356,212	-	220,655,835	-
Total	904,424,685	3,130,969	828,694,875	1,003,906

14 Guarantees

As at 30 June 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 282.59 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 Company can fully reclaim the stated liabilities from the pilot trainees' guarantors, who have pledged guarantees with the Company.

15 Letter of guarantee

The Company 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:

	Unaudited 30 June 2016			Audited 31 December 2015		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	0.09	34.82	7.90	0.09	23.58
Guarantees relating to maintenance reserve fund	-	29.97	-	-	27.62	-
Total	7.90	30.06	34.82	7.90	27.71	23.58

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

	Unaudited 30 June 2016			Audited 31 December 2015		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Saving account	-	8.99	-	85.38	-	-
Current account	-	-	3.30	-	7.61	12.68
Total	-	8.99	3.30	85.38	7.61	12.68

16 Promotional privileges

On 13 March 2013, the Company 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 Company started earning income from the promotes activities. To be entitled to the privileges, the Company must comply with the conditions and restrictions provided in the promotional certificates. The conditions are that the Company’s authorised and paid-up share capital is not less than Baht 435.50 million.

As at 30 June 2016, the Company had received 21 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2015: 17 aircraft).