

**THAI AIRASIA COMPANY LIMITED**

**INTERIM FINANCIAL INFORMATION  
(UNAUDITED)**

**30 SEPTEMBER 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 September 2016, the related statements of comprehensive income for the three-month and nine-month period then ended, changes in shareholders' equity and cash flows for the nine-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', with a checkmark at the end.

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

Bangkok  
9 November 2016

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

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 September</b>	<b>31 December</b>
		<b>2016</b>	<b>2015</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,232,020,873	6,071,376,910
Cash at financial institutions pledged as security		310,359,364	358,741,649
Short-term investments	5	1,535,728,653	1,109,230,126
Trade and other receivables, net	6	450,895,698	439,190,726
Amounts due from related parties	12.4	586,462,267	326,208,917
Inventories		128,650,385	92,596,351
Prepaid expenses		235,328,101	314,770,946
Other current assets		317,474,940	61,720,089
<b>Total current assets</b>		<b>9,796,920,281</b>	<b>8,773,835,714</b>
<b>Non-current assets</b>			
Cash at financial institutions pledged as security		1,601,820	6,441,435
Long-term investments		10,389,500	11,832,300
Aircraft maintenance reserves	12.5	2,512,023,068	1,066,380,311
Aircraft, leasehold improvements and equipment, net	7	17,425,717,313	18,135,081,588
Intangible assets, net	7	13,800,926	12,194,785
Other non-current assets		1,060,051,495	1,001,821,169
<b>Total non-current assets</b>		<b>21,023,584,122</b>	<b>20,233,751,588</b>
<b>Total assets</b>		<b>30,820,504,403</b>	<b>29,007,587,302</b>

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 September 2016**

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 September</b>	<b>31 December</b>
		<b>2016</b>	<b>2015</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade accounts payable		405,793,811	335,807,004
Other accounts payable		221,763,796	194,558,325
Amounts due to related parties	12.7	366,623,823	917,878,501
Deferred revenues		4,112,326,834	4,030,229,013
Accrued expenses		1,558,003,972	1,515,029,527
Current portion of long-term borrowings	8	459,496,780	-
Current portion of finance lease liabilities	9	1,030,718,625	1,261,443,422
Other current liabilities		40,507,199	39,235,045
<b>Total current liabilities</b>		<b>8,195,234,840</b>	<b>8,294,180,837</b>
<b>Non-current liabilities</b>			
Long-term borrowings	8	1,540,503,220	-
Finance lease liabilities	9	9,916,400,586	12,775,395,312
Deferred tax liabilities, net		381,870,665	511,948,077
Employee benefit obligations		200,743,581	168,945,620
<b>Total non-current liabilities</b>		<b>12,039,518,052</b>	<b>13,456,289,009</b>
<b>Total liabilities</b>		<b>20,234,752,892</b>	<b>21,750,469,846</b>

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 September 2016**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>Baht</b>	<b>Baht</b>
	<u>                    </u>	<u>                    </u>
<b>Liabilities and shareholders' equity</b>		
(Cont'd)		
<b>Shareholders' equity</b>		
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	7,477,853,882	4,149,219,827
	<u>                    </u>	<u>                    </u>
<b>Total shareholders' equity</b>	<u>10,585,751,511</u>	<u>7,257,117,456</u>
<b>Total liabilities and shareholders' equity</b>	<u>30,820,504,403</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 September 2016**

	Notes	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2016 Baht	Unaudited 2015 Baht
Revenues from sales and services		7,254,198,090	8,145,482,621	7,254,198,090
Cost of sales of goods and services		(6,350,035,697)	(6,940,025,736)	(6,350,035,697)
<b>Gross profit</b>		904,162,393	1,205,456,885	904,162,393
Net gain on exchange rates		-	39,279,717	-
Other income		201,100,564	162,628,070	201,100,564
<b>Profit before expenses</b>		1,105,262,957	1,407,364,672	1,105,262,957
Selling expenses		(366,241,027)	(396,169,766)	(366,241,027)
Administrative expenses		(222,051,572)	(258,891,360)	(222,051,572)
Net loss on exchange rates		(231,423,906)	-	(231,423,906)
<b>Profit before finance costs, share of loss from investment in an associate and income tax</b>		285,546,452	752,303,546	285,546,452
Finance costs		(88,205,673)	(160,197,724)	(88,205,673)
<b>Profit before share of loss from investment in an associate and income tax</b>		197,340,779	592,105,822	197,340,779
Share of loss from investment in an associate		(305,600)	-	-
<b>Profit before income tax</b>		197,035,179	592,105,822	197,340,779
Income tax	10	(22,912,231)	137,137,130	(22,912,231)
<b>Net profit for the period</b>		174,122,948	729,242,952	174,428,548
<b>Total comprehensive income for the period</b>		174,122,948	729,242,952	174,428,548
<b>Earnings per share</b>				
Basic earnings per share	11	4.00	16.74	4.00

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

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

	Notes	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2016 Baht	Unaudited 2015 Baht
Revenues from sales and services		21,873,327,027	24,853,828,062	21,873,327,027
Cost of sales of goods and services		(18,539,220,856)	(19,955,061,352)	(18,539,220,856)
<b>Gross profit</b>		3,334,106,171	4,898,766,710	3,334,106,171
Net gain on exchange rates		-	65,155,540	-
Other income		587,499,725	576,987,477	587,499,725
<b>Profit before expenses</b>		3,921,605,896	5,540,909,727	3,921,605,896
Selling expenses		(1,044,946,483)	(1,133,122,669)	(1,044,946,483)
Administrative expenses		(621,602,466)	(801,040,651)	(621,602,466)
Net loss on exchange rates		(300,352,014)	-	(300,352,014)
<b>Profit before finance costs, share of loss from investment in an associate and income tax</b>		1,954,704,933	3,606,746,407	1,954,704,933
Finance costs		(339,640,223)	(396,181,888)	(339,640,223)
<b>Profit before share of loss from investment in an associate and income tax</b>		1,615,064,710	3,210,564,519	1,615,064,710
Share of loss from investment in an associate		(487,638)	-	-
<b>Profit before income tax</b>		1,614,577,072	3,210,564,519	1,615,064,710
Income tax	10	(143,667,941)	118,069,536	(143,667,941)
<b>Net profit for the period</b>		1,470,909,131	3,328,634,055	1,471,396,769
<b>Total comprehensive income for the period</b>		1,470,909,131	3,328,634,055	1,471,396,769
<b>Earnings per share</b>				
Basic earnings per share	11	33.77	76.42	33.78

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

**Thai AirAsia Company Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the nine-month period ended 30 September 2016**

	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
			Appropriated - legal reserve Baht	Unappropriated Baht	
<b>Opening balance as at 1 January 2015 (Audited)</b>	435,555,600	2,628,786,469	-	3,136,637,372	6,200,979,441
Total comprehensive income for the period	-	-	-	1,471,396,769	1,471,396,769
Dividends	-	-	-	(958,222,320)	(958,222,320)
Legal reserve	-	-	43,555,560	(43,555,560)	-
<b>Closing balance as at 30 September 2015 (Unaudited)</b>	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>3,606,256,261</u>	<u>6,714,153,890</u>
<b>Opening balance as at 1 January 2016 (Audited)</b>	435,555,600	2,628,786,469	43,555,560	4,149,219,827	7,257,117,456
Total comprehensive income for the period	-	-	-	3,328,634,055	3,328,634,055
<b>Closing balance as at 30 September 2016 (Unaudited)</b>	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>7,477,853,882</u>	<u>10,585,751,511</u>

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



**Thai AirAsia Company Limited**  
**Statement of Cash Flows**  
**For the nine-month period ended 30 September 2016**

	Note	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2016 Baht	Unaudited 2015 Baht
<b>Cash flows from operating activities</b>				
Profit before income tax		1,614,577,072	3,210,564,519	1,615,064,710
Adjustments for:				
Bad debt		-	216,569	-
Depreciation	7	815,392,766	851,633,634	815,392,766
Amortisation	7	3,475,226	3,253,949	3,475,226
Amortisation of prepaid expenses		155,239,765	88,560,993	155,239,765
(Gain) loss on disposals of leasehold improvements and equipment		1,909,900	(1,645,131)	1,909,900
Employee benefit expenses		31,633,937	33,397,961	31,633,937
Net (gain) loss on exchange rates		489,156,409	(197,415,459)	489,156,409
Net gain on fair value adjustment in investments in private funds		(27,192)	-	(27,192)
Share of loss from investment in an associate		487,638	-	-
Finance costs		339,640,223	396,161,888	339,640,223
Interest income		(80,294,783)	(46,298,605)	(80,294,783)
		3,371,190,961	4,338,430,318	3,371,190,961
<b>Changes in operating assets and liabilities:</b>				
- Trade and other receivables		139,380,084	(12,847,113)	139,380,084
- Amounts due from related parties		(386,955,035)	(260,601,007)	(386,955,035)
- Inventories		(36,311,392)	(36,054,034)	(36,311,392)
- Prepaid expenses		(151,878,600)	(6,718,148)	(151,878,600)
- Value added tax receivable		63,641,218	-	63,641,218
- Other current assets		(13,202,248)	(251,137,071)	(13,202,248)
- Other non-current assets		(181,715,618)	(58,230,326)	(181,715,618)
- Trade accounts payable		39,374,543	69,986,807	39,374,543
- Other accounts payable		28,242,132	27,205,471	28,242,132
- Amounts due to related parties		(18,684,422)	(551,254,678)	(18,684,422)
- Deferred revenues		(862,162,661)	82,097,821	(862,162,661)
- Accrued expenses		(3,815,211)	45,666,362	(3,815,211)
- Other current liabilities		(33,108,962)	1,272,154	(33,108,962)
Cash generated from operating activities		1,953,994,789	3,387,816,556	1,953,994,789
Income tax paid		(4,683,791)	(16,625,657)	(4,683,791)
Interest received		19,444,231	29,549,225	19,444,231
Employee benefit paid		-	(1,600,000)	-
Net cash generated from operating activities		1,968,755,229	3,399,140,124	1,968,755,229

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

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

	Notes	Equity method	Company	
		Unaudited 2015 Baht	Unaudited 2016 Baht	Unaudited 2015 Baht
<b>Cash flows from investing activities</b>				
Decrease (increase) in cash at financial institutions pledged as security		(258,918,263)	40,191,481	(258,918,263)
Decrease (increase) in short-term investments		409,578,602	(443,877,653)	409,578,602
Decrease in investments in private funds		10,507,428	-	10,507,428
Decrease in long-term investments		498,836,800	1,442,800	498,836,800
Payment for investment in an associate		(2,500,000)	-	(2,500,000)
Payment for aircraft maintenance reserves		-	(1,445,642,757)	-
Proceeds from disposals of leasehold improvements and equipment		1,497,261	76,929,202	1,497,261
Payments for aircraft, leasehold improvements and equipment		(794,719,310)	(211,460,999)	(794,719,310)
Payments for intangible assets	7	(4,414,730)	(4,860,090)	(4,414,730)
Interest received		101,819,606	19,125,063	101,819,606
Net cash used in investing activities		<u>(38,312,606)</u>	<u>(1,968,152,953)</u>	<u>(38,312,606)</u>
<b>Cash flows from financing activities</b>				
Proceeds from long-term borrowings	8	-	2,000,000,000	-
Payment for front end fee		-	(2,400,000)	-
Payments for early termination of finance leases		-	(1,931,831,266)	-
Repayments of finance leases		(766,306,954)	(895,589,988)	(766,306,954)
Interest paid		(411,137,180)	(394,995,714)	(411,137,180)
Dividends paid		(958,222,320)	-	(958,222,320)
Net cash used in financing activities		<u>(2,135,666,454)</u>	<u>(1,224,816,968)</u>	<u>(2,135,666,454)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>				
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		157,636,247	(45,526,240)	157,636,247
<b>Cash and cash equivalents at the end of the period</b>		<u><u>4,735,845,084</u></u>	<u><u>6,232,020,873</u></u>	<u><u>4,735,845,084</u></u>

**Non-cash transactions**

Significant non-cash transactions during the nine-month periods ended 30 September 2016 and 2015 are as follows:

Purchases of aircraft spare parts which have not been paid	68,331,256	6,745,676	68,331,256
Purchases of aircraft and aircraft engine under finance lease agreements	2,318,695,692	-	2,318,695,692

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, 3<sup>rd</sup> 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 November 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**

	<b>For the three-month period ended 30 September 2016 (Unaudited)</b>		
	<b>Scheduled flight operations Baht</b>	<b>Charter flight operations Baht</b>	<b>Total Baht</b>
Revenues from sales and services	7,503,447,343	642,035,278	8,145,482,621
Profit from operation	366,308,884	184,086,875	550,395,759
Net gain on exchange rates			39,279,717
Other income			162,628,070
Finance costs			(160,197,724)
Profit before income tax			592,105,822
Income tax			137,137,130
Net profit for the period			729,242,952
Total assets			30,820,504,403

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information**  
**For the nine-month period ended 30 September 2016**

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**4 Segment information (Cont'd)**

**Financial information by business segments (Cont'd)**

	<b>For the three-month period ended 30 September 2015 (Unaudited)</b>		
	<b>Scheduled flight operations Baht</b>	<b>Charter flight operations Baht</b>	<b>Total Baht</b>
Revenues from sales and services	6,678,901,512	575,296,578	7,254,198,090
Profit from operation	242,049,114	73,820,680	315,869,794
Other income			201,100,564
Net loss on exchange rates			(231,423,906)
Finance costs			(88,205,673)
Profit before income tax			197,340,779
Income tax			(22,912,231)
Net profit for the period			174,428,548
Total assets			27,856,938,211

	<b>For the nine-month period ended 30 September 2016 (Unaudited)</b>		
	<b>Scheduled flight operations Baht</b>	<b>Charter flight operations Baht</b>	<b>Total Baht</b>
Revenues from sales and services	23,139,571,527	1,714,256,535	24,853,828,062
Profit from operation	2,478,457,811	486,145,579	2,964,603,390
Net gain on exchange rates			65,155,540
Other income			576,987,477
Finance costs			(396,181,888)
Profit before income tax			3,210,564,519
Income tax			118,069,536
Net profit for the period			3,328,634,055
Total assets			30,820,504,403

**4 Segment information (Cont'd)**

**Financial information by business segments (Cont'd)**

	<b>For the nine-month period ended 30 September 2015 (Unaudited)</b>		
	<b>Scheduled flight operations</b>	<b>Charter flight operations</b>	<b>Total</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Revenues from sales and services	20,265,846,372	1,607,480,655	21,873,327,027
Profit from operation	1,370,498,124	297,059,098	1,667,557,222
Other income			587,499,725
Net loss on exchange rates			(300,352,014)
Finance costs			(339,640,223)
Profit before income tax			1,615,064,710
Income tax			(143,667,941)
Net profit for the period			1,471,396,769
Total assets			27,856,938,211

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.

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information**  
**For the nine-month period ended 30 September 2016**

**5 Short-term investments**

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Fixed deposits	1,535,728,653	1,109,230,126

As at 30 September 2016, short-term investments comprise fixed deposits of US Dollars 30 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 10-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).

**6 Trade and other receivables, net**

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Trade accounts receivable	337,407,628	354,170,114
<u>Less</u> Allowance for doubtful accounts	-	-
Trade accounts receivable, net	337,407,628	354,170,114
Accrued airport incentive	42,584,875	2,843,204
Accrued income	43,218,218	49,568,722
Other accounts receivable	27,684,977	32,608,686
Total trade and other receivables, net	450,895,698	439,190,726

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

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Up to 3 months	320,725,474	340,651,599
3 - 6 months	5,148,784	7,020,344
6 - 12 months	7,477,719	726,806
Over 12 months	4,055,651	5,771,365
Total trade accounts receivable	337,407,628	354,170,114
<u>Less</u> Allowance for doubtful accounts	-	-
Total trade accounts receivable, net	337,407,628	354,170,114

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

	<b>Aircraft, leasehold improvements and equipment Baht</b>	<b>Intangible assets Baht</b>
<b>For the nine-month period ended 30 September 2016</b>		
Opening net book amount (Audited)	18,135,081,588	12,194,785
Additions	217,553,430	4,860,090
Disposals/write-offs, net	(75,284,071)	-
Depreciation/amortisation	(851,633,634)	(3,253,949)
Closing net book amount (Unaudited)	<u>17,425,717,313</u>	<u>13,800,926</u>

**8 Long-term borrowings**

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Long-term borrowings from financial institutions:		
- Current portion	459,496,780	-
- Non-current portion	1,540,503,220	-
Total	<u>2,000,000,000</u>	<u>-</u>

For the nine-month period ended 30 September 2016, the Company 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 Company 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 nine-month period ended 30 September 2016 are analysed as follows:

	<b>2016 Baht</b>
Opening book amount (Audited)	-
Proceed from long-term borrowings	<u>2,000,000,000</u>
Closing book amount (Unaudited)	<u>2,000,000,000</u>

**Credit facilities**

As at 30 September 2016, the Company has non-available credit facilities.



**9 Finance lease liabilities**

Minimum lease payments under finance lease liabilities are as follows:

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Within 1 year	1,363,439,828	1,709,396,605
Later than 1 year but not later than 5 years	5,453,759,315	6,765,109,949
Later than 5 years	5,876,782,510	8,033,497,105
<u>Less</u> Future finance charges on finance leases	<u>(1,746,862,442)</u>	<u>(2,471,164,925)</u>
<b>Total</b>	<b><u>10,947,119,211</u></b>	<b><u>14,036,838,734</u></b>
Representing lease liabilities:		
- Current portion	1,030,718,625	1,261,443,422
- Non-current portion	<u>9,916,400,586</u>	<u>12,775,395,312</u>
<b>Total</b>	<b><u>10,947,119,211</u></b>	<b><u>14,036,838,734</u></b>

The present value of finance lease liabilities is as follows:

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Within 1 year	1,338,329,914	1,676,545,078
Later than 1 year but not later than 5 years	4,945,062,991	6,104,530,065
Later than 5 years	<u>4,663,726,306</u>	<u>6,255,763,591</u>
<b>Total</b>	<b><u>10,947,119,211</u></b>	<b><u>14,036,838,734</u></b>

**10 Income tax**

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

## 11 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.

	<b>Equity Method</b>	<b>Company</b>	
	<b>For the three-month period ended 30 September (Unaudited)</b>		
	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net profit for the period (Baht)	174,122,948	729,242,952	174,428,548
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)	4.00	16.74	4.00

	<b>Equity Method</b>	<b>Company</b>	
	<b>For the nine-month period ended 30 September (Unaudited)</b>		
	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net profit for the period (Baht)	1,470,909,131	3,328,634,055	1,471,396,769
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)	33.77	76.42	33.78

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

## 12 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 September 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.

**12 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties:

**12.1 Income**

	<u>Equity Method</u>		<u>Company</u>	
	<b>For the three-month period ended</b>			
	<b>30 September (Unaudited)</b>			
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Other related parties</b>				
Interest income	624,755	3,559,898	624,755	
Other administrative fee	13,185,708	8,667,387	13,185,708	
Commission from sales of duty free goods	-	1,854,543	-	
	<u>Equity Method</u>		<u>Company</u>	
	<b>For the nine-month period ended</b>			
	<b>30 September (Unaudited)</b>			
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Other related parties</b>				
Interest income	2,227,623	11,108,054	2,227,623	
Other administrative fee	33,948,677	31,399,254	33,948,677	
Commission from sales of duty free goods	-	2,219,514	-	

**12.2 Purchases of goods, services and expenses**

	<u>Equity Method</u>		<u>Company</u>	
	<b>For the three-month period ended</b>			
	<b>30 September (Unaudited)</b>			
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Other related parties</b>				
Share of loss from fuel price swap agreements	298,412,370	54,011,023	298,412,370	
Share of staff costs for accounting and other services	7,714,325	5,575,738	7,714,325	
Aircraft rental	1,073,389,417	1,117,629,764	1,073,389,417	
Aircraft repair and maintenance	276,561,239	531,008,279	276,561,239	
Purchases of merchandises and equipment	31,894,944	16,965,030	31,894,944	
Management fee expenses	4,315,756	4,188,996	4,315,756	
Booking fee expenses	33,897,560	39,673,960	33,897,560	
Pilot training expenses	38,716,200	46,947,488	38,716,200	
Brand license fee expenses	75,594,311	82,685,730	75,594,311	
Sponsorship fee paid to Leicester City Football Club	-	2,500,000	-	
<b>Parent company</b>				
Management fee expenses	6,250,000	6,250,000	6,250,000	

**12 Related party transactions (Cont'd)**

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

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

	Equity Method	Company	
	For the nine-month period ended 30 September (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
<b>Other related parties</b>			
Share of loss from fuel price swap agreements	852,092,113	372,264,123	852,092,113
Share of staff costs for accounting and other services	29,548,417	24,300,109	29,548,417
Aircraft rental	3,003,666,021	3,373,388,888	3,003,666,021
Aircraft repair and maintenance	1,083,251,224	1,536,139,129	1,083,251,224
Purchases of merchandises and equipment	178,073,139	84,559,301	178,073,139
Management fee expenses	12,272,428	12,732,612	12,272,428
Booking fee expenses	94,377,711	121,105,467	94,377,711
Pilot training expenses	81,506,067	95,087,867	81,506,067
Brand license fee expenses	224,828,821	252,221,516	224,828,821
Sponsorship fee paid to Leicester City Football Club	-	6,542,460	-
<b>Parent company</b>			
Management fee expenses	18,750,000	18,750,000	18,750,000

**12.3 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 September (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
Salaries and other short-term employee benefits	22,658,646	23,260,955	22,658,646
Retirement benefits	1,315,523	2,362,357	1,315,523
<b>Total</b>	<b>23,974,169</b>	<b>25,623,312</b>	<b>23,974,169</b>
	Equity Method	Company	
	For the nine-month period ended 30 September (Unaudited)		
	2015 Baht	2016 Baht	2015 Baht
Salaries and other short-term employee benefits	72,701,544	88,951,519	72,701,544
Retirement benefits	4,049,005	7,087,083	4,049,005
<b>Total</b>	<b>76,750,549</b>	<b>96,038,602</b>	<b>76,750,549</b>

**12 Related party transactions (Cont'd)**

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

**12.4 Amounts due from related parties**

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Other related parties	<u>586,462,267</u>	<u>326,208,917</u>

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

**12.5 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.

As at 30 September 2016, the Company had commitment from an Aircraft maintenance services agreement amounting to US Dollars 2,160,146 (as at 31 December 2015: US Dollars 21,960,368).

**12.6 Other non-current assets**

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
<b>Other related parties</b>		
Aircraft rental deposits	717,760,197	748,209,343
Fuel price swap deposit	<u>17,262,150</u>	<u>17,961,650</u>
Total	<u>735,022,347</u>	<u>766,170,993</u>

**12.7 Amounts due to related parties**

	<b>Unaudited 30 September 2016 Baht</b>	<b>Audited 31 December 2015 Baht</b>
Other related parties	<u>366,623,823</u>	<u>917,878,501</u>

**13 Fair value of derivatives financial instruments**

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

	<b>Level 2 USD</b>	<b>Level 2 Baht</b>
<b>Assets</b>		
<b>Derivatives used for hedging</b>		
Fuel price swap agreements	6,289,458	-
<b>Total assets</b>	<b>6,289,458</b>	<b>-</b>
<b>Liabilities</b>		
<b>Derivatives used for hedging</b>		
Foreign exchange forward contracts	-	31,370,110
Cross currency swap agreement	-	8,954,037
Interest rate swap agreements	-	163,761,419
<b>Total liabilities</b>	<b>-</b>	<b>204,085,566</b>

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

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

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.

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information**  
**For the nine-month period ended 30 September 2016**

**14 Commitments**

For the nine-month period ended 30 September 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 September 2016		Audited 31 December 2015	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	141,613,445	1,681,510	126,647,808	1,003,906
Later than 1 year but not later than 5 years	512,659,261	-	481,391,232	-
Later than 5 years	212,845,537	-	220,655,835	-
<b>Total</b>	<b>867,118,243</b>	<b>1,681,510</b>	<b>828,694,875</b>	<b>1,003,906</b>

**15 Guarantees**

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

**16 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 September 2016				Audited 31 December 2015		
	Baht Million	Singapore Dollars million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	1.81	0.09	34.82	7.90	0.09	23.58
Guarantees relating to maintenance reserve fund	-	-	29.97	-	-	27.62	-
<b>Total</b>	<b>7.90</b>	<b>1.81</b>	<b>30.06</b>	<b>34.82</b>	<b>7.90</b>	<b>27.71</b>	<b>23.58</b>

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

	Unaudited 30 September 2016				Audited 31 December 2015		
	Baht Million	Singapore Dollars 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
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8.99</b>	<b>3.30</b>	<b>85.38</b>	<b>7.61</b>	<b>12.68</b>

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

**18 Subsequent events**

On 29 October 2016, the Company accepted the delivery of one additional Airbus A320-251N aircraft. The expansion of the Company’s fleet is to support the launch of new routes and increase the frequency of flights on the Company’s existing routes. This aircraft is acquired under finance lease agreement for period of 12 years.

At the Board of Directors’ meeting of the Company on 9 November 2016, the Board of Directors passed a resolution to propose the interim dividend at Baht 30.80 per share, totalling of Baht 1,341.51 million

At the Board of Directors’ meeting of the Company on 9 November 2016, the Board of Directors passed a resolution to issue debentures amounting not more than Baht 10,000 million. The debentures mature no longer than 10 years from the date of issuance. The Company expects to offer the debentures in the first quarter of 2017.