

THAI AIRASIA COMPANY LIMITED

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2017



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Thai AirAsia Company Limited

I have reviewed the interim financial information of Thai AirAsia Company Limited, which comprises the statement of financial position as at 30 June 2017, the statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in equity and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. 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".

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Paiboon Tunkoon', written over a horizontal line.

Paiboon Tunkoon
Certified Public Accountant (Thailand) No. 4298
Bangkok
9 August 2017

Thai AirAsia Company Limited
Statement of Financial Position
As at 30 June 2017

		Unaudited	Audited
		30 June	31 December
		2017	2016
	Notes	Baht	Baht
Assets			
Current assets			
Cash and cash equivalents		5,137,144,573	4,549,226,048
Cash at financial institutions pledged as security		-	1,636,470
Short-term investments	5	1,514,434,662	2,069,763,643
Trade and other receivables, net	6	395,399,948	445,133,586
Amounts due from related parties	13.4	711,841,996	804,788,351
Inventories		104,462,864	118,176,358
Prepaid expenses		352,986,931	322,162,559
Other current assets		206,318,360	332,709,413
Total current assets		8,422,589,334	8,643,596,428
Non-current assets			
Long-term investment		10,389,500	10,389,500
Aircraft maintenance reserves	13.5	3,201,945,615	2,665,543,653
Aircraft, leasehold improvements and equipment, net	7	23,012,275,720	20,363,103,399
Intangible assets, net	7	34,830,584	15,463,357
Other non-current assets	13.6	993,037,113	1,040,698,183
Total non-current assets		27,252,478,532	24,095,198,092
Total assets		35,675,067,866	32,738,794,520

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 2017

		Unaudited	Audited
		30 June	31 December
		2017	2016
	Notes	Baht	Baht
Liabilities and equity			
Current liabilities			
Trade accounts payable		285,459,649	488,960,425
Other accounts payable		388,660,387	340,263,493
Amounts due to related parties	13.7	309,872,856	437,468,985
Deferred revenues		4,302,981,399	4,238,145,612
Accrued expenses		1,717,097,805	1,888,034,299
Current portion of long-term borrowings			
from financial institutions	8	264,825,583	559,746,132
Current portion of finance lease liabilities	10	1,313,518,773	1,231,760,940
Other current liabilities		37,328,770	38,961,588
Total current liabilities		8,619,745,222	9,223,341,474
Non-current liabilities			
Long-term borrowings from financial institutions	8	771,489,450	1,273,007,321
Debentures	9	1,597,701,958	-
Finance lease liabilities	10	13,481,387,666	12,390,703,979
Deferred tax liabilities, net		288,515,850	307,430,571
Employee benefit obligations		280,957,726	254,950,594
Total non-current liabilities		16,420,052,650	14,226,092,465
Total liabilities		25,039,797,872	23,449,433,939

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 2017

	Unaudited	Audited
	30 June	31 December
	2017	2016
	Baht	Baht
	<u> </u>	<u> </u>
Liabilities and equity (Cont'd)		
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	7,527,372,365	6,181,462,952
	<u> </u>	<u> </u>
Total equity	<u>10,635,269,994</u>	<u>9,289,360,581</u>
Total liabilities and equity	<u>35,675,067,866</u>	<u>32,738,794,520</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 2017

	Notes	Unaudited 2017 Baht	Unaudited 2016 Baht
Revenues from sales and services		8,335,641,014	7,755,851,092
Cost of sales of goods and services		<u>(7,464,409,903)</u>	<u>(6,551,928,012)</u>
Gross profit		871,231,111	1,203,923,080
Other income		223,162,155	182,416,014
Selling expenses		(375,585,257)	(346,882,880)
Administrative expenses		(322,260,503)	(266,890,535)
Net gain on exchange rates		<u>30,145,486</u>	<u>28,316,405</u>
Profit before finance costs and income taxes		426,692,992	800,882,084
Finance costs		<u>(171,771,938)</u>	<u>(109,207,379)</u>
Profit before income taxes		254,921,054	691,674,705
Income taxes	11	<u>55,162,918</u>	<u>75,890,739</u>
Net profit for the period		<u>310,083,972</u>	<u>767,565,444</u>
Total comprehensive income for the period		<u><u>310,083,972</u></u>	<u><u>767,565,444</u></u>
Earnings per share			
Basic earnings per share	12	<u><u>7.12</u></u>	<u><u>17.62</u></u>

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 2017

	Notes	Unaudited 2017 Baht	Unaudited 2016 Baht
Revenues from sales and services		17,485,873,375	16,708,345,441
Cost of sales of goods and services		<u>(15,029,738,902)</u>	<u>(13,015,035,616)</u>
Gross profit		2,456,134,473	3,693,309,825
Other income		474,397,871	414,359,407
Selling expenses		(755,150,568)	(736,952,903)
Administrative expenses		(691,872,830)	(542,149,291)
Net gain on exchange rates		<u>173,728,151</u>	<u>25,875,823</u>
Profit before finance costs and income taxes		1,657,237,097	2,854,442,861
Finance costs		<u>(330,242,405)</u>	<u>(235,984,164)</u>
Profit before income taxes		1,326,994,692	2,618,458,697
Income taxes	11	<u>18,914,721</u>	<u>(19,067,594)</u>
Net profit for the period		<u>1,345,909,413</u>	<u>2,599,391,103</u>
Total comprehensive income for the period		<u><u>1,345,909,413</u></u>	<u><u>2,599,391,103</u></u>
Earnings per share			
Basic earnings per share	12	<u><u>30.90</u></u>	<u><u>59.68</u></u>

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

Thai AirAsia Company Limited
Statement of Changes in Equity
For the six-month period ended 30 June 2017

	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Equity Baht
			Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance 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 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>
Opening balance at 1 January 2017 (Audited)	435,555,600	2,628,786,469	43,555,560	6,181,462,952	9,289,360,581
Total comprehensive income for the period	-	-	-	1,345,909,413	1,345,909,413
Closing balance at 30 June 2017 (Unaudited)	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>7,527,372,365</u>	<u>10,635,269,994</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 2017

	Note	Unaudited 2017 Baht	Unaudited 2016 Baht
Cash flows from operating activities			
Profit before income taxes		1,326,994,692	2,618,458,697
Adjustments for:			
Bad debt		346,144	-
Depreciation	7	679,011,602	562,190,624
Amortisation	7	4,663,405	2,086,800
Amortisation of prepaid expenses		57,610,718	68,310,533
Gain on disposals and write-offs leasehold improvements, equipment and intangible assets		(115,659)	(1,567,467)
Employee benefit expenses		32,432,132	22,265,304
Net gain on exchange rates		(256,455,384)	(146,396,131)
Finance costs		330,242,405	235,984,164
Interest income		(29,221,698)	(37,008,335)
		<u>2,145,508,357</u>	<u>3,324,324,189</u>
Changes in operating assets and liabilities:			
- Trade and other receivables		54,555,632	44,197,278
- Amounts due from related parties		92,910,162	(481,569,051)
- Inventories		13,713,494	(42,130,792)
- Prepaid expenses		(88,435,090)	(61,278,749)
- Other current assets		131,214,734	(11,909,896)
- Other non-current assets		47,661,070	(59,742,120)
- Trade accounts payable		(203,500,776)	(31,596,951)
- Other accounts payable		48,396,894	73,499,459
- Amounts due to related parties		(127,596,129)	(158,122,632)
- Deferred revenues		64,835,787	41,814,318
- Accrued expenses		(191,009,313)	(94,083,476)
- Other current liabilities		(1,632,818)	14,207,685
- Employee benefit		(6,425,000)	(1,600,000)
		<u>1,980,197,004</u>	<u>2,556,009,262</u>
Cash generated from operating activities		1,980,197,004	2,556,009,262
Income taxes paid		(4,823,681)	(14,993,613)
Interest received		13,591,621	28,056,533
		<u>1,988,964,944</u>	<u>2,569,072,182</u>
Net cash generated from operating activities		<u>1,988,964,944</u>	<u>2,569,072,182</u>

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 2017

	Notes	Unaudited 2017 Baht	Unaudited 2016 Baht
Cash flows from investing activities			
Decrease in cash at financial institutions			
pledged as security		1,636,140	40,191,481
Decrease in short-term investments		500,000,000	250,000,000
Payment for aircraft maintenance reserves		(536,401,962)	(1,041,548,217)
Proceeds from disposals of leasehold			
improvements and equipment		85,640,755	63,408,425
Payments for aircraft, leasehold			
improvements and equipment		(629,964,875)	(137,510,965)
Payments for intangible assets	7	(24,030,634)	(3,406,600)
Interest received		7,507,387	16,819,583
		<u>7,507,387</u>	<u>16,819,583</u>
Net cash used in investing activities		<u>(595,613,189)</u>	<u>(812,046,293)</u>
Cash flows from financing activities			
Repayments of long-term borrowing from financial institutions	8	(796,838,420)	-
Proceed from debentures	9	1,600,000,000	-
Payments for front end fee of debentures	9	(2,369,874)	-
Payments for early termination of finance lease		(724,306,457)	-
Repayments of finance leases		(580,688,675)	(595,012,588)
Interest paid		(281,776,907)	(302,079,441)
		<u>(281,776,907)</u>	<u>(302,079,441)</u>
Net cash used in financing activities		<u>(785,980,333)</u>	<u>(897,092,029)</u>
Net increase in cash and cash equivalents		607,371,422	859,933,860
Cash and cash equivalents at the beginning of the period		4,549,226,048	6,071,376,910
Exchange loss on cash and cash equivalents		(19,452,897)	(11,729,629)
		<u>(19,452,897)</u>	<u>(11,729,629)</u>
Cash and cash equivalents at the end of the period		<u><u>5,137,144,573</u></u>	<u><u>6,919,581,141</u></u>

Non-cash transactions

Significant non-cash transactions during the six-month period ended 30 June 2017 and 2016 are as follows:

Purchases of aircraft spare parts which have not been paid	48,920,652	7,594,009
Purchases of aircraft under finance lease agreements	2,790,224,535	-

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.

This interim financial information was approved by the Board of Directors on 9 August 2017.

This interim financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. 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 annual financial statements for the year ended 31 December 2016.

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 annual financial statements for the year ended 31 December 2016.

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.

2.2 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 2017 which were disclosed in the notes to financial statements for the year ended 31 December 2016. 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 2016.

4 Segment information

Financial information by business segments

	For the three-month period ended 30 June 2017 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	7,956,234,114	379,406,900	8,335,641,014
Profit from operation	94,570,585	78,814,766	173,385,351
Other income			223,162,155
Net gain on exchange rates			30,145,486
Finance costs			(171,771,938)
Profit before income taxes			254,921,054
Income taxes			55,162,918
Net profit for the period			310,083,972
Total assets			35,675,067,866

	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
Other income			182,416,014
Net gain on exchange rates			28,316,405
Finance costs			(109,207,379)
Profit before income taxes			691,674,705
Income taxes			75,890,739
Net profit for the period			767,565,444
Total assets			30,652,501,735

4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	For the six-month period ended 30 June 2017 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	16,711,944,032	773,929,343	17,485,873,375
Profit from operation	823,047,777	186,063,298	1,009,111,075
Other income			474,397,871
Net gain on exchange rates			173,728,151
Finance costs			(330,242,405)
Profit before income taxes			1,326,994,692
Income taxes			18,914,721
Net profit for the period			1,345,909,413
Total assets			35,675,067,866

	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
Other income			414,359,407
Net gain on exchange rates			25,875,823
Finance costs			(235,984,164)
Profit before income taxes			2,618,458,697
Income taxes			(19,067,594)
Net profit for the period			2,599,391,103
Total assets			30,652,501,735

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, and income taxes are not allocated to each reporting segment.

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

5 Short-term investments

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Fixed deposits	1,514,434,662	2,069,763,643

As at 30 June 2017, short-term investments comprised fixed deposits of US Dollars 30 million and Baht 500 million (2016: US Dollars 30 million and Baht 1,000 million). Fixed deposits have the period of 11-month to 12-month and bear interests at the rates of 1.00% to 1.70% per annum (2016: 1.00% to 1.65% per annum).

6 Trade and other receivables, net

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Trade accounts receivable	288,728,085	339,573,128
<u>Less</u> Allowance for doubtful accounts	-	-
Trade accounts receivable, net	288,728,085	339,573,128
Accrued airport fee and incentive income	39,594,615	35,016,553
Accrued income	23,589,234	49,823,994
Other receivables	43,488,014	20,719,911
Total trade and other receivables, net	395,399,948	445,133,586

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

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Up to 3 months	275,652,705	311,441,205
3 - 6 months	1,173,898	14,996,214
6 - 12 months	4,006,118	8,894,433
Over 12 months	7,895,364	4,241,276
Total trade accounts receivable	288,728,085	339,573,128
<u>Less</u> Allowance for doubtful accounts	-	-
Total trade accounts receivable, net	288,728,085	339,573,128

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 2017		
Opening net book amount (Audited)	20,363,103,399	15,463,357
Additions	3,413,709,017	24,030,634
Disposals/write-offs, net	(85,525,094)	(2)
Depreciation/amortisation	(679,011,602)	(4,663,405)
Closing net book amount (Unaudited)	23,012,275,720	34,830,584

8 Long-term borrowings from financial institutions

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Current		
Current portion of long-term borrowings from financial institutions	265,625,583	560,546,132
<u>Less</u> Front end fees	(800,000)	(800,000)
Total current portion of long-term borrowings from financial institutions	<u>264,825,583</u>	<u>559,746,132</u>
Non-current		
Long-term borrowings from financial institutions	772,469,450	1,274,387,321
<u>Less</u> Front end fees	(980,000)	(1,380,000)
Total non-current portion of long-term borrowings from financial institutions	<u>771,489,450</u>	<u>1,273,007,321</u>
Total long-term borrowings from financial institutions	<u>1,036,315,033</u>	<u>1,832,753,453</u>

Movements in long-term borrowings from financial institutions are analysed as follows:

	Baht
For the six-month period ended 30 June 2017	
Opening book amount (Audited)	1,832,753,453
Payments for long-term borrowings from financial institutions	(796,838,420)
Amortisation of front end fees	<u>400,000</u>
Closing book amount (Unaudited)	<u>1,036,315,033</u>

Collateral and credit facility

As at 30 June 2017, the Company had no collateral and non-available credit facility.

9 Debentures

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Non-current		
Debentures	1,600,000,000	-
<u>Less</u> Front end fees	(2,298,042)	-
Total debentures	<u>1,597,701,958</u>	<u>-</u>

9 Debentures (Cont'd)

Movements in debentures are analysed as follows:

	Baht
For the six-month period ended 30 June 2017	
Opening book amount (Audited)	-
Proceed from debentures	1,600,000,000
Payments for front end fees of debentures	(2,369,874)
Amortisation of front end fees of debentures	71,832
Closing book amount (Unaudited)	<u>1,597,701,958</u>

On 19 May 2017 the Company had issued two tranches of debentures no.1/2017, which are named-registered, unsubordinated, unsecured and no representative holders. Details are as follows:

- The first tranche of the debentures is valued at Baht 1,000 million. Debentures bear a fixed interest rate at 2.65% per annum in which interest is payable every six-month. Term of debentures is three years from the issue date
- The second tranche of the debentures is valued at Baht 600 million. Debentures bear a fixed interest rate at 3.28 per annum in which interest is payable every six-month. Term of debentures is five years from the issue date

The Company intended to use the proceeds from these issuances for general purpose and/or for loan repayment and/or for working capital.

10 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Within 1 year	1,832,048,657	1,679,361,046
Later than 1 year but not later than 5 years	7,328,194,628	6,717,444,182
Later than 5 years	8,558,748,561	7,703,167,381
<u>Less</u> Future finance charges on finance leases	<u>(2,924,085,407)</u>	<u>(2,477,507,690)</u>
	<u>14,794,906,439</u>	<u>13,622,464,919</u>
Finance lease liabilities:		
- Current portion	1,313,518,773	1,231,760,940
- Non-current portion	13,481,387,666	12,390,703,979
	<u>14,794,906,439</u>	<u>13,622,464,919</u>

The present value of finance lease liabilities is as follows:

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Within 1 year	1,794,835,409	1,646,864,776
Later than 1 year but not later than 5 years	6,566,775,488	6,054,315,289
Later than 5 years	6,433,295,542	5,921,284,854
	<u>14,794,906,439</u>	<u>13,622,464,919</u>

11 Income taxes

Income tax expense presented in the statement of comprehensive income is calculated from the taxable net profit at 20% (2016: 20%).

12 Earnings per share

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

	For the three-month period ended 30 June (Unaudited)	
	2017	2016
Profit for the period (Baht)	310,083,972	767,565,444
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560
Basic earnings per share (Baht per share)	7.12	17.62
	For the six-month period ended 30 June (Unaudited)	
	2017	2016
Profit for the period (Baht)	1,345,909,413	2,599,391,103
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560
Basic earnings per share (Baht per share)	30.90	59.68

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

13 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 2017, the Company was controlled by Asia Aviation Public Company Limited which owned 55% of the Company's shares (as at 31 December 2016: 55%).

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.

13 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

13.1 Income

	For the three-month period ended 30 June (Unaudited)	
	2017 Baht	2016 Baht
Other related parties		
Interest income	1,462,997	4,538,010
Other administrative fees	4,231,589	7,545,884
Commission from sales of duty free goods	4,101,283	364,971
Passenger service revenue	904,659	-
Advertising income	12,957,700	-

	For the six-month period ended 30 June (Unaudited)	
	2017 Baht	2016 Baht
Other related parties		
Interest income	2,954,552	7,548,156
Other administrative fees	12,823,000	22,731,867
Commission from sales of duty free goods	8,428,067	364,971
Passenger service revenue	9,876,744	-
Advertising income	24,069,650	-

13.2 Purchases of goods, services and expenses

	For the three-month period ended 30 June (Unaudited)	
	2017 Baht	2016 Baht
Other related parties		
Share of (gain) loss from fuel price swap agreements	(32,061,949)	19,806,151
Share of staff costs for accounting and other services	26,138,078	10,014,184
Aircraft rental	1,102,399,269	1,125,232,824
Aircraft repair and maintenance	520,968,676	513,164,708
Purchases of merchandises and equipment	6,120,149	29,158,914
Management fee expenses	4,128,060	4,253,832
Booking fee expenses	44,096,858	39,589,339
Pilot training expenses	16,904,999	12,795,419
Brand license fee expenses	126,911,133	78,855,919
Ground Handling service	6,268,919	-
Security service	7,865,844	-
Sponsorship fee paid to Leicester City Football Club	24,929,165	4,042,460
Sponsorship fee paid to Thailand Polo Association	1,250,000	-
Parent company		
Management fee expenses	6,250,000	6,250,000

13 Related party transactions (Cont'd)

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

13.2 Purchases of goods, services and expenses

	For the six-month period ended 30 June (Unaudited)	
	2017 Baht	2016 Baht
Other related parties		
Share of (gain) loss from fuel price swap agreements	(212,346,025)	318,253,100
Share of staff costs for accounting and other services	38,629,763	18,724,371
Aircraft rental	2,224,842,416	2,255,759,124
Aircraft repair and maintenance	1,054,794,489	1,005,130,850
Purchases of merchandises and equipment	9,267,154	67,594,271
Management fee expenses	8,329,632	8,543,616
Booking fee expenses	88,678,099	81,431,507
Pilot training expenses	49,386,638	48,140,379
Brand license fee expenses	264,820,181	169,535,789
Ground Handling service	6,268,919	-
Security service	7,865,844	-
Sponsorship fee paid to Leicester City Football Club	49,858,330	4,042,460
Donation paid to King Power Foundation	5,000,000	-
Sponsorship fee paid to Thailand Polo Association	1,250,000	-
Parent company		
Management fee expenses	12,500,000	12,500,000

13.3 Management remunerations

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

	For the three-month period ended 30 June (Unaudited)	
	2017 Baht	2016 Baht
Salaries and other short-term employee benefits	25,547,492	25,676,877
Retirement benefits	1,405,714	2,362,363
	26,953,206	28,039,240
	For the six-month period ended 30 June (Unaudited)	
	2017 Baht	2016 Baht
Salaries and other short-term employee benefits	77,920,641	71,832,258
Retirement benefits	2,811,426	4,724,726
	80,732,067	76,556,984

13 Related party transactions (Cont'd)

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

13.4 Amounts due from related parties

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Other related parties	711,349,996	804,788,351
Parent company	492,000	-
	<u>711,841,996</u>	<u>804,788,351</u>

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2016: 6.00% per annum).

13.5 Aircraft maintenance reserves

AirAsia Berhad, a related party, has 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 Aircraft maintenance reserves are managed by AirAsia Berhad for future maintenance/overhaul deemed necessary to be performed once the aircraft reaches certain engine hours/hours flown.

As at 30 June 2017, the Company had commitment from an Aircraft maintenance services agreement amounting to US Dollars 5,270,148 (as at 31 December 2016: US Dollars 4,742,878).

13.6 Other non-current assets

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Other related parties		
Aircraft rental deposits	704,694,180	741,346,452
Fuel price swap deposit	16,907,250	17,829,400
	<u>721,601,430</u>	<u>759,175,852</u>

As at 30 June 2017, other non-current assets comprised aircraft rental deposits and fuel price swap deposit of US Dollars 20.84 million and US Dollars 0.50 million, respectively (2016: US Dollars 20.79 million and US Dollars 0.50 million).

13.7 Amounts due to related parties

	Unaudited 30 June 2017 Baht	Audited 31 December 2016 Baht
Other related parties	309,872,856	430,781,485
Parent company	-	6,687,500
	<u>309,872,856</u>	<u>437,468,985</u>

14 Fair value of derivatives financial instruments

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets and liabilities that were measured at fair value at 30 June 2017.

	Level 2 USD	Level 2 Baht
Assets		
Derivatives used for hedging		
Interest rate swap agreements	-	3,524,502
Total assets	-	3,524,502
	Level 2 USD	Level 2 Baht
Liabilities		
Derivatives used for hedging		
Fuel price swap agreements	2,139,003	-
Cross currency swap agreement	-	13,165,103
Foreign exchange forward contracts	-	43,171,212
Total liabilities	2,139,003	56,336,315

The following table presents the Company's financial assets and liabilities that were measured at fair value at 31 December 2016.

	Level 2 USD	Level 2 Baht
Assets		
Derivatives used for hedging		
Fuel price swap agreements	25,545,608	-
Interest rate swap agreements	-	62,702,735
Cross currency swap agreement	-	41,002,065
Total assets	25,545,608	103,704,800
	Level 2 USD	Level 2 Baht
Liabilities		
Derivatives used for hedging		
Foreign exchange forward contracts	-	3,990,101
Total liabilities	-	3,990,101

There were no transfers between levels and no changes in valuation techniques during the period.

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 and foreign exchange rates commonly quoted in publicly available sources on the date of the statement of financial position.

15 Commitments

For the six-month period ended 30 June 2017, the Company accepted the delivery of one additional Airbus A320-200 aircraft and two CFM 56-5B6/3 aircraft engines. These aircraft and aircraft engines are acquired under operating lease agreements. There were significant changes in commitments or contingent liabilities from the year ended 31 December 2016.

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

	Unaudited		Audited	
	30 June 2017		31 December 2016	
	Rental	Insurance	Rental	Insurance
	US Dollars	agreement	US Dollars	agreement
		US Dollars	US Dollars	US Dollars
Within 1 year	146,226,309	3,396,542	141,613,445	1,668,900
Later than 1 year but not later than 5 years	490,631,592	-	500,694,439	-
Later than 5 years	172,888,556	-	189,148,559	-
Total	809,746,457	3,396,542	831,456,443	1,668,900

16 Guarantees

As at 30 June 2017, 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 267.04 million (as at 31 December 2016: Baht 215.66 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.

17 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 2017					Audited 31 December 2016				
	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	0.42	1.00	1.81	53.52	7.90	0.09	1.00	1.81	57.42
Guarantees relating to maintenance reserve fund	-	40.91	-	-	-	-	38.78	-	-	-
Total	7.90	41.33	1.00	1.81	53.52	7.90	38.87	1.00	1.81	57.42

The Company also used its current account as collateral for these letters of guarantee as follows:

	Unaudited 30 June 2017					Audited 31 December 2016				
	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million
Current account	-	-	-	-	-	-	-	-	-	3.30
Total	-	-	-	-	-	-	-	-	-	3.30

18 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 promotional activities for a period of eight years starting from the date on which the Company started earning income from the promotional activities (commencing from 26 April 2013). 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 2017, the Company had received all 24 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2016: 23 aircraft).

In addition, On 14 March 2017, the Company further received a certificate of promotional privileges from the Board of Investment (“BOI”) for 2 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 promotional activities for a period of five years starting from the date on which the Company started earning income from the promotional activities (commencing from 30 March 2017). 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 2017, the Company had received all two aircraft under such certificate of promotional privileges from the BOI.