

Thai AirAsia Company Limited  
Review report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2018

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Thai AirAsia Company Limited

I have reviewed the accompanying statement of financial position of Thai AirAsia Company Limited as at 30 June 2018, and the related statements of comprehensive income for the three-month and six-month periods then ended, and the statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

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

### **Other matter**

The statement of financial position of Thai AirAsia Company Limited as at 31 December 2017 was audited by another auditor who expressed an unqualified opinion on that statement under his report dated 22 February 2018. The statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, and the statements of changes in shareholders' equity and cash flows for the six-month period then ended of Thai AirAsia Company Limited, presented herein as comparative information, were also reviewed by the aforementioned auditor who concluded, under his report dated 9 August 2017, that nothing had come to his attention that caused him to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 9 August 2018

**Thai AirAsia Company Limited****Statement of financial position****As at 30 June 2018**

(Unit: Baht)

	Note	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	4,884,265,894	5,210,622,777
Current investments		1,500,178,372	1,489,009,499
Trade and other receivables	4	538,387,430	454,416,761
Amounts due from related parties	2	789,018,612	944,812,563
Inventories		137,740,694	148,800,537
Prepaid expenses		496,992,235	369,479,072
Other current assets		250,256,225	299,052,917
<b>Total current assets</b>		<b>8,596,839,462</b>	<b>8,916,194,126</b>
<b>Non-current assets</b>			
Long-term investment		10,424,900	10,424,900
Aircraft maintenance reserves	2, 5	4,096,005,434	3,652,264,201
Aircraft, leasehold improvement and equipment	6	24,806,071,358	25,416,573,011
Intangible assets	7	30,864,236	33,078,364
Other non-current assets	2	943,352,071	873,796,859
<b>Total non-current assets</b>		<b>29,886,717,999</b>	<b>29,986,137,335</b>
<b>Total assets</b>		<b>38,483,557,461</b>	<b>38,902,331,461</b>

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

**Thai AirAsia Company Limited**

**Statement of financial position (continued)**

**As at 30 June 2018**

(Unit: Baht)

	Note	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade payables		332,152,109	310,666,172
Other payables		359,730,996	477,741,231
Amounts due to related parties	2	219,885,057	170,092,214
Current portion of long-term borrowings from financial institutions	8	252,616,082	1,348,080,475
Current portion of liabilities under finance lease agreements	10	1,308,408,872	1,299,335,216
Unearned income		4,356,959,805	4,820,988,435
Accrued expenses		2,243,377,984	2,373,009,919
Other current liabilities		63,246,230	52,307,213
<b>Total current liabilities</b>		<b>9,136,377,135</b>	<b>10,852,220,875</b>
<b>Non-current liabilities</b>			
Long-term borrowings from financial institutions - net of current portion	8	1,857,386,215	1,984,335,988
Debentures	9	4,094,322,441	1,598,005,612
Liabilities under finance lease agreements - net of current portion	10	12,686,620,779	13,231,620,700
Provision for long-term employee benefits		389,417,334	346,675,403
Deferred tax liabilities		216,084,113	267,434,714
<b>Total non-current liabilities</b>		<b>19,243,830,882</b>	<b>17,428,072,417</b>
<b>Total liabilities</b>		<b>28,380,208,017</b>	<b>28,280,293,292</b>

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

**Thai AirAsia Company Limited**

**Statement of financial position (continued)**

**As at 30 June 2018**

(Unit: Baht)

	30 June 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>		
Share capital		
Registered		
43,555,560 ordinary shares of Baht 10 each	435,555,600	435,555,600
Issued and fully paid up		
43,555,560 ordinary shares of Baht 10 each	435,555,600	435,555,600
Premium on ordinary shares	2,628,786,469	2,628,786,469
Retained earnings		
Appropriated - statutory reserve	43,555,560	43,555,560
Unappropriated	6,995,451,815	7,514,140,540
<b>Total shareholders' equity</b>	<b>10,103,349,444</b>	<b>10,622,038,169</b>
<b>Total liabilities and shareholders' equity</b>	<b>38,483,557,461</b>	<b>38,902,331,461</b>
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The accompanying notes are an integral part of the financial statements.

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Directors  
  
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(Unaudited but reviewed)

**Thai AirAsia Company Limited**

**Statement of comprehensive income**

**For the three-month period ended 30 June 2018**

(Unit: Baht)

	Note	2018	2017
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenues from sales and services		9,050,601,367	8,350,210,951
Gain on exchange rate		-	30,145,486
Other income		251,937,308	208,592,218
<b>Total revenues</b>		<b>9,302,538,675</b>	<b>8,588,948,655</b>
<b>Expenses</b>			
Cost of sales and services		8,999,757,955	7,477,813,721
Selling expenses		423,303,821	376,266,860
Administrative expenses		370,712,086	308,175,082
Loss on exchange rate		49,164,630	-
<b>Total expenses</b>		<b>9,842,938,492</b>	<b>8,162,255,663</b>
<b>Profit (loss) before finance cost and income tax</b>		<b>(540,399,817)</b>	<b>426,692,992</b>
Finance costs		(177,201,969)	(171,771,938)
<b>Profit (loss) before income tax</b>		<b>(717,601,786)</b>	<b>254,921,054</b>
Income tax revenue	11	150,082,828	55,162,918
<b>Profit (loss) for the period</b>		<b>(567,518,958)</b>	<b>310,083,972</b>
<b>Other comprehensive income:</b>			
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>(567,518,958)</b>	<b>310,083,972</b>
<b>Earnings (loss) per share</b>	13		
Basic earnings (loss) per share		(13.03)	7.12
Number of ordinary shares (share)		43,555,560	43,555,560

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

(Unaudited but reviewed)

**Thai AirAsia Company Limited**

**Statement of comprehensive income**

**For the six-month period ended 30 June 2018**

(Unit: Baht)

	Note	2018	2017
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenues from sales and services		20,304,901,396	17,511,938,493
Gain on exchange rate		28,338,260	173,728,151
Other income		562,948,694	448,332,753
<b>Total revenues</b>		<u>20,896,188,350</u>	<u>18,133,999,397</u>
<b>Expenses</b>			
Cost of sales and services		17,759,097,388	15,056,546,550
Selling expenses		831,939,487	756,513,783
Administrative expenses		741,265,081	663,701,967
<b>Total expenses</b>		<u>19,332,301,956</u>	<u>16,476,762,300</u>
<b>Profit before finance cost and income tax</b>		<u>1,563,886,394</u>	<u>1,657,237,097</u>
Finance costs		(348,147,760)	(330,242,405)
<b>Profit before income tax</b>		<u>1,215,738,634</u>	<u>1,326,994,692</u>
Income tax revenue	11	51,350,601	18,914,721
<b>Profit for the period</b>		<u>1,267,089,235</u>	<u>1,345,909,413</u>
<b>Other comprehensive income:</b>			
<b>Other comprehensive income for the period</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>1,267,089,235</u></u>	<u><u>1,345,909,413</u></u>
<b>Earnings per share</b>	13		
Basic earnings per share		<u>29.09</u>	<u>30.90</u>
Number of ordinary shares (share)		<u>43,555,560</u>	<u>43,555,560</u>

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



(Unaudited but reviewed)

**Thai AirAsia Company Limited**

**Statement of changes in shareholders' equity**

**For the six-month period ended 30 June 2018**

(Unit: Baht)

	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2017</b>	435,555,600	2,628,786,469	43,555,560	6,181,462,952	9,289,360,581
Profit for the period	-	-	-	1,345,909,413	1,345,909,413
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,345,909,413	1,345,909,413
<b>Balance as at 30 June 2017</b>	<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>
<b>Balance as at 1 January 2018</b>	435,555,600	2,628,786,469	43,555,560	7,514,140,540	10,622,038,169
Profit for the period	-	-	-	1,267,089,235	1,267,089,235
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,267,089,235	1,267,089,235
Dividend paid (Note 15)	-	-	-	(1,785,777,960)	(1,785,777,960)
<b>Balance as at 30 June 2018</b>	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>6,995,451,815</u>	<u>10,103,349,444</u>

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

(Unaudited but reviewed)

**Thai AirAsia Company Limited**

**Cash flow statement**

**For the six-month period ended 30 June 2018**

	(Unit: Baht)	
	2018	2017
<b>Cash flows from operating activities</b>		
Profit before tax	1,215,738,634	1,326,994,692
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Write-off of bad debts	-	346,144
Depreciation and amortisation	808,986,693	683,675,007
Net gain on sales and write-off of leasehold improvements and equipment	(425,441)	(115,659)
Provision for long-term employee benefits	42,741,931	32,432,132
Unrealised (gain) loss on exchange	79,916,178	(256,455,384)
Interest income	(33,520,843)	(29,221,698)
Finance costs	348,147,760	330,242,405
Profit from operating activities before changes in operating assets and liabilities	2,461,584,912	2,087,897,639
Operating assets (increase) decrease		
Trade and other receivables	(80,056,999)	54,555,632
Amounts due from related parties	156,539,230	92,910,162
Inventories	11,059,843	13,713,494
Prepaid expenses	(127,513,163)	(30,824,372)
Other current assets	52,257,846	131,214,734
Other non-current assets	(69,555,212)	47,661,070
Operating liabilities increase (decrease)		
Trade payables	21,485,937	(203,500,776)
Other payables	(118,010,235)	48,396,894
Amounts due to related parties	49,792,843	(127,596,129)
Unearned income	(464,028,630)	64,835,787
Accrued expenses	(140,087,209)	(191,009,313)
Other current liabilities	10,939,017	(1,632,818)
Payment of provision for long-term employee benefits	-	(6,425,000)
Cash flows from operating activities	1,764,408,180	1,980,197,004
Cash paid for income tax	(3,461,154)	(4,823,681)
<b>Net cash flows from operating activities</b>	<b>1,760,947,026</b>	<b>1,975,373,323</b>

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

(Unaudited but reviewed)

**Thai AirAsia Company Limited**

**Cash flow statement (continued)**

**For the six-month period ended 30 June 2018**

(Unit: Baht)

	2018	2017
<b>Cash flows from investing activities</b>		
Net decrease in restricted deposits at financial institutions	-	1,636,140
Net decrease in current investments	3,736,910	500,000,000
Payment for aircraft maintenance reserves	(443,741,233)	(536,401,962)
Acquisitions of aircraft, leasehold improvements and equipment	(184,712,105)	(629,964,875)
Acquisitions of intangible assets	(2,753,006)	(24,030,634)
Interest income	29,045,010	21,099,008
Proceeds from sales of equipment	551,593	85,640,755
<b>Net cash flows used in investing activities</b>	<b>(597,872,831)</b>	<b>(582,021,568)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(1,222,979,166)	(796,838,420)
Proceed from issuance of debentures	2,500,000,000	1,600,000,000
Payment for front end fee of debentures	(4,000,717)	(2,369,874)
Payments for early termination of finance lease agreements	-	(724,306,457)
Cash paid for liabilities under finance lease agreements	(635,167,627)	(580,688,675)
Interest paid	(331,580,362)	(281,776,907)
Dividend paid	(1,785,777,960)	-
<b>Net cash flows used in financing activities</b>	<b>(1,479,505,832)</b>	<b>(785,980,333)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(316,431,637)</b>	<b>607,371,422</b>
Cash and cash equivalents at beginning of the period	5,210,622,777	4,549,226,048
Unrealised exchange loss on cash and cash equivalents	(9,925,246)	(19,452,897)
<b>Cash and cash equivalents at end of the period (Note 3)</b>	<b>4,884,265,894</b>	<b>5,137,144,573</b>
	-	-
Non-cash items:		
Increase in other payables from acquisitions of equipment	8,931,953	48,920,652
Acquisitions of aircraft under finance lease agreements	-	2,790,224,535

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

**Thai AirAsia Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2018**

**1. General information**

**1.1 The Company's general information**

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

**1.2 Basis for preparation of interim financial statements**

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

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

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

**1.3 New financial reporting standards**

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

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

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

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

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

**1.4 Significant accounting policies**

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

**2. Related party transactions**

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

	(Unit: Million Baht)	
	For the three-month periods ended 30 June	
	2018	2017
<b>Transactions with the parent company</b>		
Management expenses	6	6
Dividend paid	982	-
<b>Transactions with related companies</b>		
Passenger income	-	1
Advertising income	-	13
Interest income	1	1
Other administrative income	11	4
Commission from sales of duty free goods	-	4
Share of gain from fuel price swap agreements	123	32
Allocated staff cost for accounting and other service expenses	17	26
Aircraft and aircraft engines rental	984	1,102
Aircraft repair and maintenance	550	521

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month  
periods ended 30 June

	2018	2017
Purchases of merchandises and equipment	9	6
Management expenses	4	4
Booking fee expenses	46	44
Pilot training expenses	-	17
Brand license fee expenses	144	127
Sponsorship fee paid to Leicester City Football Club	-	25
Sponsorship fee paid to Thailand Polo Association	-	1
Ground handling service expenses	-	6
Security expenses	2	8
Dividend paid	804	-

(Unit: Million Baht)

For the six-month  
periods ended 30 June

	2018	2017
<b>Transactions with the parent company</b>		
Management expenses	19	13
Dividend paid	982	-
<b>Transactions with related companies</b>		
Passenger income	-	10
Advertising income	-	24
Interest income	1	3
Other administrative income	19	13
Commission from sales of duty free goods	-	8
Share of gain from fuel price swap agreements	212	212
Allocated staff cost for accounting and other service expenses	36	39
Aircraft and aircraft engines rental	1,976	2,225
Aircraft repair and maintenance	1,068	1,055
Purchases of merchandises and equipment	24	9
Management expenses	8	8
Booking fee expenses	93	89
Pilot training expenses	-	49
Brand license fee expenses	315	265
Sponsorship fee paid to Leicester City Football Club	-	50
Donation paid to King Power Foundation	-	5
Sponsorship fee paid to Thailand Polo Association	-	1
Ground handling service expenses	-	6
Security expenses	5	8
Conference room and other service expenses	1	-
Dividend paid	804	-

(Unaudited but reviewed)

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

	(Unit: Baht)	
	30 June 2018	31 December 2017
<b>Receivables - related parties</b>		
Related companies (common shareholders and/or directors)	789,018,612	944,812,563
Total	<u>789,018,612</u>	<u>944,812,563</u>
<b>Aircraft maintenance reserves - related party (Note 5)</b>		
Related company (common shareholders and directors)	4,096,005,434	3,652,264,201
Total	<u>4,096,005,434</u>	<u>3,652,264,201</u>
<b>Other non-current assets - related parties</b>		
<i>Deposits for lease of aircraft and aircraft engines</i>		
Related company (common shareholders and directors)	667,061,365	657,120,066
<i>Deposits for fuel price swap agreements</i>		
Related company (common shareholders and directors)	16,503,250	16,257,300
<i>Other deposits</i>		
Related company (common directors)	20,000,000	-
Total	<u>703,564,615</u>	<u>673,377,366</u>
<b>Payables- related parties</b>		
Parent company	6,687,500	-
Related companies (common shareholders and/or directors)	213,197,557	170,092,214
Total	<u>219,885,057</u>	<u>170,092,214</u>

#### **Directors and management's benefits**

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

	(Unit: Baht)	
	For the three-month periods ended 30 June	
	2018	2017
Short-term employee benefits	28,624,438	25,547,492
Post-employment benefits	1,797,536	1,405,714
Total	<u>30,421,974</u>	<u>26,953,206</u>

(Unaudited but reviewed)

(Unit: Baht)

For the six-month  
periods ended 30 June

	2018	2017
Short-term employee benefits	81,981,091	77,920,641
Post-employment benefits	3,595,073	2,811,426
Total	85,576,164	80,732,067

### 3. Cash and cash equivalents

(Unit: Baht)

	30 June 2018	31 December 2017
Cash	15,517,847	8,567,450
Bank deposits	4,868,748,047	5,202,055,327
Total	4,884,265,894	5,210,622,777

### 4. Trade and other receivables

(Unit: Baht)

	30 June 2018	31 December 2017
<u>Trade receivables</u>		
Aged		
Up to 3 months	442,265,510	376,466,466
3 - 6 months	18,347,801	1,402,061
6 - 12 months	2,664,072	2,085,779
Over 12 months	1,523,314	1,786,035
Total trade receivables	464,800,697	381,740,341
<u>Other receivables</u>		
Accrued airport fee and incentive income	18,115,878	16,886,607
Accrued income	15,374,746	13,228,906
Others	40,096,109	42,560,907
Total other receivables	73,586,733	72,676,420
Total trade and other receivables	538,387,430	454,416,761



**5. Aircraft maintenance reserves**

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

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

**6. Aircraft, leasehold improvement and equipment**

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

	(Unit: Baht)
Net book value as at 1 January 2018	25,416,573,011
Acquisitions - at cost	193,644,058
Disposals/write-off - net book value at disposal/write-off date	(126,152)
Depreciation	<u>(804,019,559)</u>
Net book value as at 30 June 2018	<u>24,806,071,358</u>

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

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

**7. Intangible assets**

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

	(Unit: Baht)
Net book value as at 1 January 2018	33,078,364
Acquisitions - at cost	2,753,006
Amortisation	<u>(4,967,134)</u>
Net book value as at 30 June 2018	<u>30,864,236</u>

**8. Long-term borrowings from financial institutions**

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

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

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

The borrowings are secured by the pledge of the Company's aircraft as described in Note 6.

**9. Debentures**

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

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

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

	(Unit: Baht)
Balance as at 1 January 2018	1,598,005,312
Issuance during the period	2,500,000,000
Payment for front end fee	(4,000,717)
Amortisation of front end fee	<u>317,546</u>
Balance as at 30 June 2018	<u>4,094,322,441</u>

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

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

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

#### 10. Liabilities under finance lease agreements

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

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

(Unaudited but reviewed)

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

(Unit: Baht)

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

(Unit: Baht)

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

## 11. Income tax

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

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

(Unit: Baht)

	For the three-month periods ended 30 June	
	2018	2017
<b>Current income tax:</b>		
Interim corporate income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<u>(150,082,828)</u>	<u>(55,162,918)</u>
<b>Income tax revenue reported in the statement of comprehensive income</b>	<u>(150,082,828)</u>	<u>(55,162,918)</u>

(Unaudited but reviewed)

(Unit: Baht)

	For the six-month periods ended 30 June	
	2018	2017
<b>Current income tax:</b>		
Interim corporate income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(51,350,601)	(18,914,721)
<b>Income tax revenue reported in the statement of comprehensive income</b>	<b>(51,350,601)</b>	<b>(18,914,721)</b>

## 12. Promotional privileges

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

## 13. Earnings (loss) per share

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

## 14. Segment information

The Company is organised into business units. During the current periods, the Company has not changed the organisation of the reportable segments.

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

	(Unit: Baht)		
	Scheduled flight operations	Charter flight operations	Total segments
<b>For the three-month period ended 30 June 2018</b>			
<b>Revenues</b>			
Revenues from sales and services	8,788,893,948	261,707,419	9,050,601,367
<b>Total revenues</b>	<b>8,788,893,948</b>	<b>261,707,419</b>	<b>9,050,601,367</b>
<b>Operating result</b>			
<b>Segment profit (loss)</b>	(795,540,962)	52,368,467	(743,172,495)
Other income			251,937,308
Loss on exchange rate			(49,164,630)
Finance costs			(177,201,969)
<b>Loss before income tax</b>			<b>(717,601,786)</b>
Income tax revenue			150,082,828
<b>Loss for the period</b>			<b>(567,518,958)</b>

(Unaudited but reviewed)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
<b>For the three-month period ended 30 June 2017</b>			
<b>Revenues</b>	7,970,804,051	379,406,900	8,350,210,951
Revenues from sales and services	7,970,804,051	379,406,900	8,350,210,951
<b>Total revenues</b>			
<b>Operating result</b>			
<b>Segment operating profit</b>	108,828,236	79,127,052	187,955,288
Gain on exchange rate			30,145,486
Other income			208,592,218
Finance costs			(171,771,938)
<b>Profit before income tax</b>			254,921,054
Income tax revenue			55,162,918
<b>Profit for the period</b>			310,083,972

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Total segments
<b>For the six-month period ended 30 June 2018</b>			
<b>Revenues</b>			
Revenues from sales and services	19,689,797,958	615,103,438	20,304,901,396
<b>Total revenues</b>	19,689,797,958	615,103,438	20,304,901,396
<b>Operating result</b>			
<b>Segment profit</b>	799,457,381	173,142,059	972,599,440
Gain on exchange rate			28,338,260
Other income			562,948,694
Finance costs			(348,147,760)
<b>Profit before income tax</b>			1,215,738,634
Income tax revenue			51,350,601
<b>Profit for the period</b>			1,267,089,235

(Unaudited but reviewed)

	(Unit: Baht)		
	Scheduled flight operations	Charter flight operations	Total segments
<b>For the six-month period ended 30 June 2017</b>			
<b>Revenues</b>			
Revenues from sales and services	16,738,009,151	773,929,342	17,511,938,493
<b>Total revenues</b>	<b>16,738,009,151</b>	<b>773,929,342</b>	<b>17,511,938,493</b>
<b>Operating result</b>			
<b>Segment operating profit</b>	848,579,198	186,596,995	1,035,176,193
Gain on exchange rate			173,728,151
Other income			448,332,753
Finance costs			(330,242,405)
<b>Profit before income tax</b>			<b>1,326,994,692</b>
Income tax revenue			18,914,721
<b>Profit for the period</b>			<b>1,345,909,413</b>

**15. Dividend paid**

(Unit: Baht)			
Dividend	Approved by	Dividend paid	Dividend per share
Interim dividend for 2018	Board of Directors' Meeting on 11 May 2018	1,785,777,960	41

**16. Commitments and contingent liabilities****16.1 Capital commitments**

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

**16.2 Operating aircraft lease agreements**

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

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

**16.3 Operating lease commitments**

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

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

**16.4 Guarantees**

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

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



**17. Fair values hierarchy**

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

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

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

**18. Events after the reporting period**

- 18.1 On 13 July 2018, the Company entered into a fixed interest rate loan agreement with a local bank amounting to Baht 1,226 million in order to fund the acquisition of new aircraft. The loan has a term of 12 years and is secured by the pledge of the newly acquired aircraft, as described in Note 18.3. The loan agreement contains certain financial covenants relating to matters such as the maintenance of financial ratios.
- 18.2 On 18 July 2018, the Company received promotional tax privileges from the Board of Investment for air transport operations for 2 aircraft. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 5 years from the date the promoted operation begins generating revenues.
- 18.3 On 30 July 2018, the Company received an aircraft that was acquired using cash flows generated from the business operations and the loan under the agreement discussed in Note 18.1.

**19. Reclassifications**

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

(Unit: Baht)

	For the three-month period ended 30 June 2017	
	As reclassified	As previously reported
Revenues from sales and services	8,350,210,951	8,335,641,014
Other income	208,592,218	223,162,155
Cost of sales and services	7,477,813,721	7,464,409,903
Selling expenses	376,266,860	375,585,257
Administrative expenses	308,175,082	322,260,503

(Unit: Baht)

	For the six-month period ended 30 June 2017	
	As reclassified	As previously reported
Revenues from sales and services	17,511,938,493	17,485,873,375
Other income	448,332,753	474,397,871
Cost of sales and services	15,056,546,550	15,029,738,902
Selling expenses	756,513,783	755,150,568
Administrative expenses	663,701,967	691,872,830

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

**20. Approval of interim financial statements**

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