

Asia Aviation Public Company Limited  
and its subsidiary  
Review report and interim consolidated financial statements  
For the three-month period ended 31 March 2019

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

To the Shareholders of Asia Aviation Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Asia Aviation Public Company Limited and its subsidiary as at 31 March 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Asia Aviation Public Company Limited for the same period. 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.



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 10 May 2019

**Asia Aviation Public Company Limited and its subsidiary**

**Statement of financial position**

**As at 31 March 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	4,226,048,991	4,122,623,007	88,711,231	85,647,164
Trade and other receivables	5	625,160,254	492,723,479	900,000	450,000
Amounts due from related parties	3	1,414,365,006	872,366,691	150,000	150,000
Inventories		210,216,986	188,318,274	-	-
Prepaid expenses		382,588,408	423,904,907	535,436	811,830
Other current assets		236,042,899	265,546,525	3,657,455	3,312,247
<b>Total current assets</b>		<b>7,094,422,544</b>	<b>6,365,482,883</b>	<b>93,954,122</b>	<b>90,371,241</b>
<b>Non-current assets</b>					
Long-term investment		12,593,900	12,593,900	-	-
Investment in subsidiary	6	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	3	4,532,740,844	4,532,740,844	-	-
Property, aircraft, leasehold improvements and equipment	7	25,875,229,243	26,185,182,438	3,441	4,501
Intangible assets	8	14,880,517,267	14,882,989,798	1	1
Goodwill		8,824,825,803	8,824,825,803	-	-
Deferred tax assets		-	-	194,356	343,738
Other non-current assets	3	958,506,213	942,903,352	-	-
<b>Total non-current assets</b>		<b>55,084,413,270</b>	<b>55,381,236,135</b>	<b>3,067,312,168</b>	<b>3,067,462,610</b>
<b>Total assets</b>		<b>62,178,835,814</b>	<b>61,746,719,018</b>	<b>3,161,266,290</b>	<b>3,157,833,851</b>

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

**Asia Aviation Public Company Limited and its subsidiary**

**Statement of financial position (continued)**

**As at 31 March 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	Note	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade payables		293,717,064	159,682,816	-	-
Other payables		346,137,469	393,233,357	2,730,867	520,000
Amounts due to related parties	3	501,095,786	699,189,680	-	-
Short-term borrowings from financial institutions	9	500,000,000	650,000,000	-	-
Current portion of long-term borrowings from financial institutions	10	213,818,404	213,772,250	-	-
Current portion of liabilities under finance lease agreements	12	1,309,924,610	1,300,075,453	-	-
Unearned income		4,603,707,949	4,986,934,947	-	-
Accrued expenses		2,675,679,275	2,561,641,516	1,237,026	754,250
Other current liabilities		58,807,773	57,632,270	584,831	443,561
<b>Total current liabilities</b>		<b>10,502,888,330</b>	<b>11,022,162,289</b>	<b>4,552,724</b>	<b>1,717,811</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions - net of current portion	10	3,219,234,714	2,624,156,110	-	-
Debentures	11	4,095,528,029	4,095,126,167	-	-
Liabilities under finance lease agreements - net of current portion	12	11,464,912,612	11,919,246,970	-	-
Provision for long-term employee benefits		437,943,234	422,548,659	-	-
Deferred tax liabilities		3,065,554,063	3,040,684,341	-	-
<b>Total non-current liabilities</b>		<b>22,283,172,652</b>	<b>22,101,762,247</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>32,786,060,982</b>	<b>33,123,924,536</b>	<b>4,552,724</b>	<b>1,717,811</b>

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

**Asia Aviation Public Company Limited and its subsidiary**

**Statement of financial position (continued)**

**As at 31 March 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>31 March 2019</b>	<b>31 December 2018</b>	<b>31 March 2019</b>	<b>31 December 2018</b>
	<b>(Unaudited but reviewed)</b>	<b>(Audited)</b>	<b>(Unaudited but reviewed)</b>	<b>(Audited)</b>
<b>Shareholders' equity</b>				
Share capital				
Registered				
4,850,000,000 ordinary shares of Baht 0.1 each	485,000,000	485,000,000	485,000,000	485,000,000
Issued and fully paid up				
4,850,000,000 ordinary shares of Baht 0.1 each	485,000,000	485,000,000	485,000,000	485,000,000
Premium on ordinary shares	2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings				
Appropriated - statutory reserve	48,500,000	48,500,000	48,500,000	48,500,000
Unappropriated	17,745,814,146	17,322,056,067	23,405,292	22,807,766
Equity attributable to owners of the Company	20,879,122,420	20,455,364,341	3,156,713,566	3,156,116,040
Non-controlling interests of the subsidiary	8,513,652,412	8,167,430,141	-	-
<b>Total shareholders' equity</b>	<b>29,392,774,832</b>	<b>28,622,794,482</b>	<b>3,156,713,566</b>	<b>3,156,116,040</b>
<b>Total liabilities and shareholders' equity</b>	<b>62,178,835,814</b>	<b>61,746,719,018</b>	<b>3,161,266,290</b>	<b>3,157,833,851</b>
	-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

**Asia Aviation Public Company Limited and its subsidiary**  
**Statement of comprehensive income**  
**For the three-month period ended 31 March 2019**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from sales and services		11,155,313,246	11,254,300,029	6,250,000	12,500,000
Gain on exchange		138,827,272	77,492,315	-	-
Other income		328,511,178	311,011,386	600,000	-
<b>Total revenues</b>		<b>11,622,651,696</b>	<b>11,642,803,730</b>	<b>6,850,000</b>	<b>12,500,000</b>
<b>Expenses</b>					
Cost of sales and services		9,619,028,961	8,741,650,570	-	-
Selling and distribution expenses		419,820,120	408,198,768	-	-
Administrative expenses		454,544,852	394,822,680	6,103,092	12,393,924
Loss on exchange		-	-	-	10,575
<b>Total expenses</b>		<b>10,493,393,933</b>	<b>9,544,672,018</b>	<b>6,103,092</b>	<b>12,404,499</b>
<b>Profit before finance cost and income tax expense</b>		<b>1,129,257,763</b>	<b>2,098,131,712</b>	<b>746,908</b>	<b>95,501</b>
Finance cost		(191,809,758)	(170,945,791)	-	-
<b>Profit before income tax expense</b>		<b>937,448,005</b>	<b>1,927,185,921</b>	<b>746,908</b>	<b>95,501</b>
Income tax expense	13	(33,930,395)	(97,501,327)	(149,382)	(19,100)
<b>Profit for the period</b>		<b>903,517,610</b>	<b>1,829,684,594</b>	<b>597,526</b>	<b>76,401</b>
<b>Other comprehensive income:</b>					
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>903,517,610</b>	<b>1,829,684,594</b>	<b>597,526</b>	<b>76,401</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		497,203,572	1,004,110,908	597,526	76,401
Non-controlling interests of the subsidiary		406,314,038	825,573,686		
		<b>903,517,610</b>	<b>1,829,684,594</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		497,203,572	1,004,110,908	597,526	76,401
Non-controlling interests of the subsidiary		406,314,038	825,573,686		
		<b>903,517,610</b>	<b>1,829,684,594</b>		
<b>Earnings per share</b>					
14					
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.1025	0.2070	0.0001	0.0000
Number of ordinary shares (share)		4,850,000,000	4,850,000,000	4,850,000,000	4,850,000,000

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

(Unaudited but reviewed)

## Asia Aviation Public Company Limited and its subsidiary

## Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Baht)

## Consolidated financial statements

	Equity attributable to owners of the Company				Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings				
			Appropriated	Unappropriated			
<b>Balance as at 1 January 2018</b>	485,000,000	2,599,808,274	48,500,000	18,872,576,491	22,005,884,765	9,447,217,238	31,453,102,003
Profit for the period	-	-	-	1,004,110,908	1,004,110,908	825,573,686	1,829,684,594
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,004,110,908	1,004,110,908	825,573,686	1,829,684,594
<b>Balance as at 31 March 2018</b>	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>19,876,687,399</u>	<u>23,009,995,673</u>	<u>10,272,790,924</u>	<u>33,282,786,597</u>
<b>Balance as at 1 January 2019 - as previously reported</b>	485,000,000	2,599,808,274	48,500,000	17,322,056,067	20,455,364,341	8,167,430,141	28,622,794,482
Cumulative effect of change in accounting policy for revenue recognition (Note 2)	-	-	-	(73,445,493)	(73,445,493)	(60,091,767)	(133,537,260)
<b>Balance as at 1 January 2019 - as restated</b>	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>17,248,610,574</u>	<u>20,381,918,848</u>	<u>8,107,338,374</u>	<u>28,489,257,222</u>
Profit for the period	-	-	-	497,203,572	497,203,572	406,314,038	903,517,610
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	497,203,572	497,203,572	406,314,038	903,517,610
<b>Balance as at 31 March 2019</b>	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>17,745,814,146</u>	<u>20,879,122,420</u>	<u>8,513,652,412</u>	<u>29,392,774,832</u>

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

(Unaudited but reviewed)

**Asia Aviation Public Company Limited and its subsidiary**  
**Statement of changes in shareholders' equity (continued)**  
**For the three-month period ended 31 March 2019**

(Unit: Baht)

**Separate financial statements**

	Issued and	Premium on	Retained earnings		Total
	paid-up		ordinary shares	Appropriated	
	share capital				shareholders'
					equity
<b>Balance as at 1 January 2018</b>	485,000,000	2,599,808,274	48,500,000	9,144,717	3,142,452,991
Profit for the period	-	-	-	76,401	76,401
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	76,401	76,401
<b>Balance as at 31 March 2018</b>	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>9,221,118</u>	<u>3,142,529,392</u>
<b>Balance as at 1 January 2019</b>	485,000,000	2,599,808,274	48,500,000	22,807,766	3,156,116,040
Profit for the period	-	-	-	597,526	597,526
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	597,526	597,526
<b>Balance as at 31 March 2019</b>	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>48,500,000</u>	<u>23,405,292</u>	<u>3,156,713,566</u>

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



(Unaudited but reviewed)

**Asia Aviation Public Company Limited and its subsidiary****Cash flow statement****For the three-month period ended 31 March 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>				
Profit before tax	937,448,005	1,927,185,921	746,908	95,501
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	430,361,600	402,101,935	1,060	1,060
Gain on sales of equipment and write-off of intangible assets	(294,150)	(131,904)	-	-
Long-term employee benefits expenses	24,896,225	21,370,947	-	-
Unrealised gain on exchange	(103,376,127)	(52,899,151)	-	-
Interest income	(4,344,419)	(12,507,242)	-	-
Finance cost	191,809,758	170,945,791	-	-
Profit from operating activities before changes in operating assets and liabilities	1,476,500,892	2,456,066,297	747,968	96,561
Operating assets (increase) decrease				
Trade and other receivables	(132,453,888)	(62,380,400)	(450,000)	300,000
Amounts due from related parties	(541,611,227)	(179,025,364)	-	(5,638,442)
Inventories	(21,898,712)	(2,496,823)	-	-
Prepaid expenses	41,316,499	21,562,845	276,394	265,614
Other current assets	31,645,026	92,323,803	(153,208)	(567,238)
Other non-current assets	(15,602,861)	(7,213,037)	-	-
Operating liabilities increase (decrease)				
Trade payables	134,034,248	(33,012,843)	-	-
Other payables	(47,095,888)	(92,868,691)	2,210,867	(324,712)
Amounts due to related parties	(198,093,894)	209,388,028	-	-
Unearned income	(525,824,931)	(315,815,294)	-	-
Accrued expenses	85,572,347	(231,466,303)	482,776	(1,605,000)
Other current liabilities	1,175,503	(48,152,704)	141,270	(53,573,219)
Payment for long-term employee benefits	(9,501,650)	-	-	-
Cash flows from (used in) operating activities	278,161,464	1,806,909,514	3,256,067	(61,046,436)
Cash paid for income tax	(2,141,400)	(2,101,296)	(192,000)	(192,000)
<b>Net cash flows from (used in) operating activities</b>	<b>276,020,064</b>	<b>1,804,808,218</b>	<b>3,064,067</b>	<b>(61,238,436)</b>

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

(Unaudited but reviewed)

**Asia Aviation Public Company Limited and its subsidiary****Cash flow statement (continued)****For the three-month period ended 31 March 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from investing activities</b>				
Payment for aircraft maintenance reserves	-	(147,513,595)	-	-
Payment for leasehold improvements and acquisitions of equipment	(117,537,889)	(110,002,328)	-	-
Acquisitions of intangible assets	-	(71,120)	-	-
Interest income	3,484,141	6,851,915	-	-
Proceeds from sales of equipment	577,423	205,421	-	-
<b>Net cash flows used in investing activities</b>	<b>(113,476,325)</b>	<b>(250,529,707)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Repayment of short-term borrowing	(150,000,000)	-	-	-
Proceed from long-term borrowing from financial institution	650,000,000	-	-	-
Payment for front end fee of long-term borrowing	(1,500,000)	-	-	-
Repayment of long-term borrowings	(53,670,563)	(176,339,896)	-	-
Cash paid for liabilities under finance lease agreements	(324,196,596)	(313,923,760)	-	-
Interest paid	(160,481,112)	(158,022,815)	-	-
<b>Net cash flows used in financing activities</b>	<b>(39,848,271)</b>	<b>(648,286,471)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>122,695,468</b>	<b>905,992,040</b>	<b>3,064,067</b>	<b>(61,238,436)</b>
Cash and cash equivalents at beginning of the period	4,122,623,007	5,337,959,662	85,647,164	127,336,885
Unrealised exchange loss on cash and cash equivalents	(19,269,484)	(206,279,326)	-	-
<b>Cash and cash equivalents at end of the period (Note 4)</b>	<b>4,226,048,991</b>	<b>6,037,672,376</b>	<b>88,711,231</b>	<b>66,098,449</b>
	-	-	-	-
Non-cash item:				
Increase in other payables from acquisitions of equipment	681,258	13,131,682	-	-

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

**Asia Aviation Public Company Limited and its subsidiary**  
**Notes to interim consolidated financial statements**  
**For the three-month period ended 31 March 2019**

**1. General information**

**1.1 The Company's general information**

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

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

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

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

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

**1.3 Basis of consolidation**

These interim consolidated financial statements have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There have been no changes in the composition of the Group during the period.

## 1.4 New financial reporting standards

### a. Financial reporting standards that became effective in the current period

During the period, the Company and its subsidiary have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of most of these financial reporting standards does not have any significant impact on the Company's and its subsidiary's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are 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 entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's financial statements. However, the subsidiary adopted IFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

**b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7                                      Financial Instruments: Disclosures

TFRS 9                                      Financial Instruments

Accounting standard:

TAS 32                                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16                                   Hedges of a Net Investment in a Foreign Operation

TFRIC 19                                   Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and an entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiary is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiary is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## 1.5 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 2018, except for the change in the accounting policy due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

### Revenue recognition

#### *Passenger service revenues and other related services*

Passenger service revenues and other related services such as baggage handling fee, assigned seat revenue, cancellation and documentation revenue, processing fee and other fees are recognised upon the rendering of flight services. The value of seats sold and fees for which flight services have not been rendered is included in deferred revenues.

## 2. Cumulative effect of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 1.4, during the current period, the subsidiary has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the change in the accounting policy due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

	(Unit: Million Baht)
	Consolidated
	<u>financial statements</u>
Impact on retained earnings as at 1 January 2019	
Processing and change of air ticket fees	143
Related tax	(9)
Total	<u>134</u>

The amounts of adjustments affecting the statement of financial position as at 31 March 2019 and the statement of comprehensive income for the three-month period ended 31 March 2019 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
<b>Statement of financial position</b>			
<b>Assets</b>			
Current assets	7,095	-	7,095
Non-current assets	55,084	-	55,084
<b>Total assets</b>	<b>62,179</b>	<b>-</b>	<b>62,179</b>
<b>Liabilities</b>			
Current liabilities			
- Unearned income	4,468	136	4,604
- Others	5,899	-	5,899
Non-current liabilities			
- Deferred tax liabilities	3,075	(9)	3,066
- Others	19,217	-	19,217
<b>Total liabilities</b>	<b>32,659</b>	<b>127</b>	<b>32,786</b>
<b>Shareholders' equity</b>			
Retained earnings	17,819	(73)	17,746
Non-controlling interests	8,574	(60)	8,514
Others	3,133	-	3,133
<b>Total Liabilities</b>	<b>29,526</b>	<b>(133)</b>	<b>29,393</b>
<b>Total liabilities and shareholders' equity</b>	<b>62,185</b>	<b>(6)</b>	<b>62,179</b>

(Unit: Million Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase	TFRS 15
<b>Statement of comprehensive income</b>			
<b>Profit or loss</b>			
Revenues from sales and services	11,149	6	11,155
Income tax expense	(34)	-	(34)
Others	(10,217)	-	(10,217)
<b>Profit for the period</b>	<b>898</b>	<b>6</b>	<b>904</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	495	3	498
Non-controlling interests of the subsidiary	403	3	406
<b>Earnings per share (Baht)</b>			
Basic earnings per share	0.1018	0.0007	0.1025

The adjustment is for processing and change of air ticket fees of the scheduled flight operation segment. The subsidiary has considered that such fees are collected as part of the flight service which is a contract performance obligation, and should be recognised throughout the flight service period. Previously, the revenues were recognised in full upon passenger's process of purchase or change of an air ticket.

### 3. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Pricing Policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March	31 March	31 March	2018	
	2019	2018	2019	2018	
<b>Transactions with a subsidiary</b> (eliminated from the consolidated financial statements)					
Management income	-	-	6	13	Contract price
<b>Transactions with related companies</b>					
Engineering service income	30	-	-	-	Contract price
Ground handling service income	10	7	-	-	Contract price
Interest income from default receivables	1	-	-	-	6 percent per annum
Other administrative income	9	8	-	-	Contract price
Commission from loyalty programs to customers	27	25	-	-	Contract price
Share of (gain) loss from fuel price swap agreements	76	(89)	-	-	Allocated based on usage
Allocated staff cost for accounting and other service expenses	22	19	-	-	Contract price
Aircraft and aircraft engines rental	555	992	-	-	Contract price
Aircraft repair and maintenance	572	518	-	-	Market price
Purchases of merchandises and equipment	5	15	-	-	Market price
Management expenses	4	4	-	-	Contract price
Booking fee expenses	44	47	-	-	Contract price



(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Pricing Policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March		31 March		
	2019	2018	2019	2018	
Brand license fee expenses	170	171	-	-	1.5 percent of airline operating income
Ground handling service expenses	17	15	-	-	Contract price
Marketing fund expenses	56	38	-	-	Contract price
Security expenses	4	3	-	-	Contract price
Conference room and other service expenses	1	1	-	-	Contract price

As at 31 March 2019 and 31 December 2018, the outstanding balances between the Company, the subsidiary and those related parties are as follows.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<b>Receivables - related parties</b>				
Related companies (common shareholders and/or directors)	1,414,365,006	872,366,691	150,000	150,000
Total	<u>1,414,365,006</u>	<u>872,366,691</u>	<u>150,000</u>	<u>150,000</u>
<b>Aircraft maintenance reserves - related party</b>				
Related company (common shareholders and directors)	4,532,740,844	4,532,740,844	-	-
Total	<u>4,532,740,844</u>	<u>4,532,740,844</u>	<u>-</u>	<u>-</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)	357,587,370	364,818,240	-	-
<i>Deposits for fuel price swap agreements</i>				
Related company (common shareholders and directors)	15,822,450	16,142,400	-	-
<i>Other deposits</i>				
Related company (common directors)	20,000,000	20,000,000	-	-
Total	<u>393,409,820</u>	<u>400,960,640</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
<b>Payables - related parties</b>				
Related companies (common shareholders and/or directors)	501,095,786	699,189,680	-	-
Total	<u>501,095,786</u>	<u>699,189,680</u>	<u>-</u>	<u>-</u>

**Directors and management's benefits**

During the three-month periods ended 31 March 2019 and 2018, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2019	2018	2019	2018
Short-term employee benefits	59,376,116	55,736,653	2,200,000	2,380,000
Post-employment benefits	4,313,637	1,797,537	-	-
Total	<u>63,689,753</u>	<u>57,534,190</u>	<u>2,200,000</u>	<u>2,380,000</u>

**4. Cash and cash equivalents**

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Cash	23,180,467	32,307,459	-	-
Bank deposits	3,819,368,524	3,479,315,548	88,711,231	85,647,164
Bank deposit held for short-term payment	383,500,000	611,000,000	-	-
Total	<u>4,226,048,991</u>	<u>4,122,623,007</u>	<u>88,711,231</u>	<u>85,647,164</u>

**5. Trade and other receivables**

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
<u>Trade receivables</u>				
Aged on the basis of due dates				
Not yet due	526,943,977	381,408,490	-	-
Past due				
Up to 3 months	34,555,777	36,615,849	-	-
3 - 6 months	12,335,518	17,720,138	-	-
6 - 12 months	4,042,422	6,708,364	-	-
Over 12 months	286,611	286,611	-	-
Total trade receivables	<u>578,164,305</u>	<u>442,739,452</u>	-	-
<u>Other receivables</u>				
Accrued airport fee and incentive income				
	4,951,670	5,063,889	-	-
Accrued income	2,428,290	2,011,695	900,000	450,000
Others	39,615,989	42,908,443	-	-
Total other receivables	<u>46,995,949</u>	<u>49,984,027</u>	<u>900,000</u>	<u>450,000</u>
Total trade and other receivables	<u><u>625,160,254</u></u>	<u><u>492,723,479</u></u>	<u><u>900,000</u></u>	<u><u>450,000</u></u>

**6. Investment in subsidiary**

Investment in subsidiary as presented in separate financial statements is as follows.

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
			(%)	(%)		
Thai AirAsia Company Limited	435,555,600	435,555,600	55	55	<u>3,067,114,370</u>	<u>3,067,114,370</u>

During the three-month periods ended 31 March 2019 and 2018, the Company had no dividend

**7. Property, aircraft, leasehold improvements and equipment**

Movements of the property, aircraft, leasehold improvements and equipment account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2019	26,185,182,438	4,501
Acquisitions - at cost	118,219,147	-
Disposals - net book value as at disposed date	(282,855)	-
Depreciation	<u>(427,889,487)</u>	<u>(1,060)</u>
Net book value as at 31 March 2019	<u>25,875,229,243</u>	<u>3,441</u>

As at 31 March 2019, the subsidiary had aircraft with net book value of Baht 17,211 million (31 December 2018: Baht 17,467 million) which were acquired under finance lease agreements.

The subsidiary has pledged its land and building constructed thereon and aircraft with net book values amounting to approximately Baht 3,434 million (31 December 2018: the subsidiary's aircraft with net book value amounting to approximately Baht 2,808 million) as collateral against credit facilities received from financial institutions.

**8. Intangible assets**

Movements of intangible assets during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2019	14,882,989,798	1
Write-off - net book value as at written-off date	(418)	-
Amortisation	<u>(2,472,113)</u>	<u>-</u>
Net book value as at 31 March 2019	<u>14,880,517,267</u>	<u>1</u>

**9. Short-term borrowings from financial institutions**

As at 31 March 2019, short-term borrowing was in the form of promissory note and carried fixed interest at rate 2.70 percent per annum (31 December 2018: 2.40 and 3.25 percent per annum).

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

	(Unit: Baht)	
	Consolidated financial statements	
	31 March 2019	31 December 2018
Current portion of long-term borrowings from financial institutions	214,682,250	214,682,250
Less: Front end fee	(863,846)	(910,000)
Net current portion of long-term borrowings	213,818,404	213,772,250
Long-term borrowings from financial institutions - net of current portion	3,221,610,466	2,625,281,029
Less: Front end fee	(2,375,752)	(1,124,919)
Total non-current borrowings	3,219,234,714	2,624,156,110
Total long-term borrowings from financial institutions	3,433,053,118	2,837,928,360

Movements of long-term borrowings from financial institutions account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Baht)
	Consolidated financial statements
Balance as at 1 January 2019	2,837,928,360
Borrowing during the period	650,000,000
Payment for front end fee	(1,500,000)
Amortisation of front end fee	295,321
Repayment of long-term borrowings from financial institutions	(53,670,563)
Balance as at 31 March 2019	3,433,053,118

The long-term borrowings are secured by the mortgage of the subsidiary's land and building constructed thereon and the pledge of the subsidiary's aircraft as described in Note 7.

Long-term loan agreement during the period

On 28 February 2019, the subsidiary entered into a long-term loan agreement for a floating interest rate loan facility of Baht 1,500 million with a local bank, in order to fund the acquisition of land and construction. The loan has a term of 10 years and is to be repaid in monthly installments, beginning on 30 November 2020. The loan is secured by the mortgage of land and building constructed thereon. As at 31 March 2019, the long-term loan facility amounting to Baht 850 million has not yet been drawn down.

**11. Debentures**

	(Unit: Baht)	
	Consolidated financial statements	
	31 March 2019	31 December 2018
Debentures	4,100,000,000	4,100,000,000
Less: Front end fee	(4,471,971)	(4,873,833)
Debentures - net	<u>4,095,528,029</u>	<u>4,095,126,167</u>

Debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 31 March 2019 amounted to Baht 4,123 million (31 December 2018: Baht 4,091 million).

Movements of debentures account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Baht)
	Consolidated financial statements
Balance as at 1 January 2019	4,095,126,167
Amortisation of front end fee	401,862
Balance as at 31 March 2019	<u>4,095,528,029</u>

**12. Liabilities under finance lease agreements**

	(Unit: Baht)	
	Consolidated financial statements	
	31 March 2019	31 December 2018
Liabilities under finance lease agreements	15,253,880,474	15,926,223,225
Less: Deferred interest expenses	(2,479,043,252)	(2,706,900,802)
Total	12,774,837,222	13,219,322,423
Less: Portion due within one year	(1,309,924,610)	(1,300,075,453)
Liabilities under finance lease agreements - net of current portion	<u>11,464,912,612</u>	<u>11,919,246,970</u>

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

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

(Unit: Baht)

	Consolidated financial statements			
	31 March 2019			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	1,810,747,748	7,242,990,991	6,200,141,735	15,253,880,474
Deferred interest expenses	(500,823,138)	(1,442,791,409)	(535,428,705)	(2,479,043,252)
Present value of future minimum lease payments	<u>1,309,924,610</u>	<u>5,800,199,582</u>	<u>5,664,713,030</u>	<u>12,774,837,222</u>

(Unit: Baht)

	Consolidated financial statements			
	31 December 2018			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	1,833,298,943	7,333,195,771	6,759,728,511	15,926,223,225
Deferred interest expenses	(533,223,490)	(1,557,562,734)	(616,114,578)	(2,706,900,802)
Present value of future minimum lease payments	<u>1,300,075,453</u>	<u>5,775,633,037</u>	<u>6,143,613,933</u>	<u>13,219,322,423</u>

### 13. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expense for the three-month periods ended 31 March 2019 and 2018 are made up as follows.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For three-month periods ended 31 March		For three-month periods ended 31 March	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax charge	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	<u>33,930,395</u>	<u>97,501,327</u>	<u>149,382</u>	<u>19,100</u>
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>33,930,395</u>	<u>97,501,327</u>	<u>149,382</u>	<u>19,100</u>

**14. Earnings per share**

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



**15. Segment information**

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

Revenues and profit information regarding the Company's and its subsidiary's operating segments for the three-month period ended 31 March 2019 and 2018 are as follows.

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	Consolidated
<b>For three-month period ended 31 March 2019</b>						
<b>Revenues</b>						
Revenue from external customers	10,905,798,803	249,514,443	-	11,155,313,246	-	11,155,313,246
Intersegment revenues	-	-	6,250,000	6,250,000	(6,250,000)	-
<b>Total revenues</b>	<b>10,905,798,803</b>	<b>249,514,443</b>	<b>6,250,000</b>	<b>11,161,563,246</b>	<b>(6,250,000)</b>	<b>11,155,313,246</b>
<b>Operating result</b>						
<b>Segment profit</b>	625,809,071	35,963,334	146,908	661,919,313	-	661,919,313
Gain on exchange						138,827,272
Other income						328,511,178
Finance cost						(191,809,758)
<b>Profit before income tax expense</b>						<b>937,448,005</b>
Income tax expense						(33,930,395)
<b>Profit for the period</b>						<b>903,517,610</b>

(Unaudited but reviewed)

(Unit: Baht)

	Scheduled flight operations	Charter flight operations	Other segments	Total segments	Adjustments and eliminations	Consolidated
<b>For three-month period ended 31 March 2018</b>						
<b>Revenues</b>						
Revenue from external customers	10,900,904,010	353,396,019	-	11,254,300,029	-	11,254,300,029
Intersegment revenues	-	-	12,500,000	12,500,000	(12,500,000)	-
<b>Total revenues</b>	<u>10,900,904,010</u>	<u>353,396,019</u>	<u>12,500,000</u>	<u>11,266,800,029</u>	<u>(12,500,000)</u>	<u>11,254,300,029</u>
<b>Operating result</b>						
<b>Segment profit</b>	1,588,944,599	120,577,336	106,076	1,709,628,011	-	1,709,628,011
Gain on exchange						77,492,315
Other income						311,011,386
Finance cost						(170,945,791)
<b>Profit before income tax expense</b>						<u>1,927,185,921</u>
Income tax expense						(97,501,327)
<b>Profit for the period</b>						<u>1,829,684,594</u>

**16. Commitments and contingent liabilities****16.1 Operating aircraft lease commitments**

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

(Unit: USD)

	Consolidated financial statements			
	31 March 2019		31 December 2018	
	Lease agreements	Insurance agreements	Lease agreements	Insurance agreements
Payable:				
In up to 1 year	161,727,625	836,300	165,455,844	2,186,958
In over 1 year and up to 5 years	426,389,624	-	447,783,158	-
In over 5 years	215,137,066	-	231,310,984	-
<b>Total</b>	<b>803,254,315</b>	<b>836,300</b>	<b>844,549,986</b>	<b>2,186,958</b>
Total equivalent to Thai Baht	25,686,868,112	26,743,620	27,544,828,874	71,327,213

**16.2 Aircraft maintenance service commitments**

The subsidiary has commitments under aircraft maintenance service agreements made with AirAsia Berhad and AirAsia (Mauritius) Limited, which are related companies, and other aircraft lessors. The subsidiary agrees to pay aircraft maintenance service fees at the rates in USD currency stipulated in the agreements, which vary for each aircraft depending on flight hours and the age of the aircraft.

**16.3 Operating lease commitments**

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

(Unit: Baht)

	Consolidated financial statements	
	31 March 2019	31 December 2018
Payable:		
In up to 1 year	185,135,321	196,314,881
In over 1 year and up to 5 years	264,282,223	320,217,553
In over 5 years	77,486,338	82,390,295
<b>Total</b>	<b>526,903,882</b>	<b>598,922,729</b>

#### 16.4 Building construction commitments

As at 31 March 2019, the subsidiary had capital commitments of Baht 59 million (31 December 2018: Nil), relating to the construction of a project's building.

#### 16.5 Guarantees

- 1) As at 31 March 2019, the subsidiary had guarantee obligations for pilot trainees' education loans from a bank for commercial pilot license courses amounting to Baht 65 million (31 December 2018: Baht 65 million) with the term of guarantees of 18 months from the start date of each loan agreement.
- 2) The subsidiary had commitments from letters of guarantee in respect of ground handling, technical support and other flight operating activities including maintenance reserve fund in the ordinary course of business as follows.

(Unit: Million)

	Consolidated financial statement									
	31 March 2019					31 December 2018				
	Baht	USD	SGD	INR	Others (equivalent to Thai Baht)	Baht	USD	SGD	INR	Others (equivalent to Thai Baht)
Guarantees relating to flight operating activities	7.90	0.74	1.81	119.22	14.80	9.40	0.74	1.81	81.82	7.91
Guarantees relating to maintenance reserve fund	-	42.38	-	-	-	-	50.18	-	-	-
Letter of credit relating to acquiring operating equipment	-	-	-	-	-	-	-	-	-	7.12
<b>Total</b>	<b>7.90</b>	<b>43.12</b>	<b>1.81</b>	<b>119.22</b>	<b>14.80</b>	<b>9.40</b>	<b>50.92</b>	<b>1.81</b>	<b>81.82</b>	<b>15.03</b>
<b>Total equivalent to Thai Baht</b>	<b>7.90</b>	<b>1,378.69</b>	<b>43.06</b>	<b>58.12</b>	<b>14.80</b>	<b>9.40</b>	<b>1,660.75</b>	<b>43.49</b>	<b>40.53</b>	<b>15.03</b>

**17. Fair value hierarchy**

As at 31 March 2019 and 31 December 2018, the subsidiary had assets and liabilities in USD and Baht currencies disclosed at fair value which the hierarchy is level 2 as follows.

(Unit: Baht)

	Consolidated financial statements			
	31 March 2019		31 December 2018	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
<b>Assets disclosed at fair value</b>				
Derivatives				
Fuel price swap agreements	548,174,881	-	-	-
Interest rate swap agreements	79,309,858	-	129,165,612	-
Foreign exchange forward contracts	21,885,676	-	15,727,820	-
<b>Liabilities disclosed at fair value</b>				
Derivatives				
Fuel price swap agreements	-	-	995,910,971	-
Interest rate swap agreements	-	47,733,759	-	43,893,249
Foreign exchange forward contracts	276,597,188	-	247,666,883	-
Cross currency swap agreements	137,674,860	-	86,753,139	-
Long-term borrowings from financial institutions				
	-	3,433,053,118	-	2,837,928,360
Debentures	-	4,123,364,834	-	4,091,474,283
Liabilities under finance lease agreements	-	12,774,837,222	-	13,219,322,423

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

**18. Event after the reporting period**

On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the subsidiary has additional long-term employee benefit liabilities of Baht 111 million as a result. The subsidiary will reflect the effect of the change by recognising past service costs as expenses in the statement of comprehensive income of the period in which the law is effective, which is the second quarter of 2019.

**19. Approval of interim financial statements**

These interim consolidated financial statements were authorised for issue by the Company's Board of Directors on 10 May 2019.