

THAI AIRASIA COMPANY LIMITED

**INTERIM EQUITY METHOD AND COMPANY
FINANCIAL INFORMATION
(UNAUDITED)**

30 SEPTEMBER 2015



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Thai AirAsia Company Limited

I have reviewed the accompanying equity method and company statements of financial position as at 30 September 2015, the related equity method and company statements of comprehensive income for the three-month and nine-month period then ended, changes in shareholders' equity and cash flows for the nine-month period then ended, and condensed notes to interim financial information of Thai AirAsia Company Limited and its associate, and of Thai AirAsia Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

A handwritten signature in blue ink, appearing to read "Chanchai Chaiprasit", is written over a horizontal line.

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

Bangkok
12 November 2015

Thai AirAsia Company Limited
Statement of Financial Position
As at 30 September 2015

	Notes	Equity Method	Company	
		Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Assets				
Current assets				
Cash and cash equivalents		4,735,845,084	4,735,845,084	4,783,432,668
Cash at financial institutions pledged as security		4,835,625	4,835,625	6,109,410
Short-term investments		1,112,045,104	1,112,045,104	1,492,718,615
Current portion of long-term investments		849,465,000	849,465,000	-
Investments in private funds		-	-	10,480,236
Trade and other receivables, net	5	450,596,722	450,596,722	631,014,664
Amounts due from related parties	13.4	456,320,425	456,320,425	68,162,932
Inventories		111,914,551	111,914,551	75,603,159
Prepaid expenses		266,660,678	266,660,678	270,021,843
Value added tax receivable, net		23,181,256	23,181,256	86,822,474
Other current assets		57,323,696	57,323,696	39,437,657
Total current assets		8,068,188,141	8,068,188,141	7,463,803,658
Non-current assets				
Cash at financial institutions pledged as security		431,626,825	431,626,825	171,192,685
Long-term investments		11,832,300	11,832,300	1,297,809,100
Investment in an associate	6	2,012,362	2,500,000	-
Aircraft, leasehold improvements and equipment, net	7	18,335,998,304	18,335,998,304	15,932,386,431
Intangible assets, net	7	12,399,440	12,399,440	11,459,936
Other non-current assets		994,393,201	994,393,201	812,677,583
Total non-current assets		19,788,262,432	19,788,750,070	18,225,525,735
Total assets		27,856,450,573	27,856,938,211	25,689,329,393

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

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2015

		Equity Method	Company	
		Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
	Notes			
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable		214,545,376	214,545,376	175,170,833
Other accounts payable		220,397,524	220,397,524	192,155,392
Amounts due to related parties	13.5	454,024,832	454,024,832	472,709,254
Deferred revenues		3,767,064,912	3,767,064,912	4,629,227,573
Accrued expenses		1,375,241,447	1,375,241,447	1,371,431,680
Current portion of finance lease liabilities	8	1,267,472,068	1,267,472,068	959,006,292
Other current liabilities		28,217,946	28,217,946	61,326,908
Total current liabilities		7,326,964,105	7,326,964,105	7,861,027,932
Non-current liabilities				
Finance lease liabilities	8	13,131,158,177	13,131,158,177	11,117,961,859
Deferred tax liabilities, net		495,480,177	495,480,177	351,812,236
Employee benefit obligations		189,181,862	189,181,862	157,547,925
Total non-current liabilities		13,815,820,216	13,815,820,216	11,627,322,020
Total liabilities		21,142,784,321	21,142,784,321	19,488,349,952

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

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 30 September 2015

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Liabilities and shareholders' equity (Cont'd)			
Shareholders' equity			
Share capital			
Authorised share capital			
Ordinary shares, 43,555,560 shares of par Baht 10 each	435,555,600	435,555,600	435,555,600
Issued and paid-up share capital			
Ordinary shares, 43,555,560 shares of paid-up Baht 10 each	435,555,600	435,555,600	435,555,600
Premium on share capital	2,628,786,469	2,628,786,469	2,628,786,469
Retained earnings			
Appropriated			
Legal reserve	12 43,555,560	43,555,560	-
Unappropriated	3,605,768,623	3,606,256,261	3,136,637,372
Total shareholders' equity	6,713,666,252	6,714,153,890	6,200,979,441
Total liabilities and shareholders' equity	27,856,450,573	27,856,938,211	25,689,329,393

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

Thai AirAsia Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 September 2015

	Notes	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Revenues from sales and services		7,254,198,090	7,254,198,090	5,558,593,859
Cost of sales of goods and services		(6,350,035,697)	(6,350,035,697)	(5,618,664,740)
Gross profit (loss)		904,162,393	904,162,393	(60,070,881)
Net gain on exchange rates		-	-	84,424,201
Other income		201,100,564	201,100,564	196,763,547
Profit before expenses		1,105,262,957	1,105,262,957	221,116,867
Selling expenses		(366,241,027)	(366,241,027)	(334,335,453)
Administrative expenses		(222,051,572)	(222,051,572)	(164,696,741)
Net loss on exchange rates		(231,423,906)	(231,423,906)	-
Profit (loss) before finance costs, share of loss from investment in an associate and income tax		285,546,452	285,546,452	(277,915,327)
Finance costs		(88,205,673)	(88,205,673)	(87,137,113)
Profit (loss) before share of loss from investment in an associate and income tax		197,340,779	197,340,779	(365,052,440)
Share of loss from investment in an associate		(305,600)	-	-
Profit (loss) before income tax		197,035,179	197,340,779	(365,052,440)
Income tax	9	(22,912,231)	(22,912,231)	(17,082,743)
Net profit (loss) for the period		174,122,948	174,428,548	(382,135,183)
Total comprehensive income (expense) for the period		174,122,948	174,428,548	(382,135,183)
Earnings (loss) per share				
Basic earnings (loss) per share	10	4.00	4.00	(8.77)

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

Thai AirAsia Company Limited
Statement of Comprehensive Income (Cont'd)
For the nine-month period ended 30 September 2015

	Notes	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Revenues from sales and services		21,873,327,027	21,873,327,027	17,479,402,586
Cost of sales of goods and services		(18,539,220,856)	(18,539,220,856)	(17,059,421,154)
Gross profit		3,334,106,171	3,334,106,171	419,981,432
Net gain on exchange rates		-	-	108,353,343
Other income		587,499,725	587,499,725	579,260,151
Profit before expenses		3,921,605,896	3,921,605,896	1,107,594,926
Selling expenses		(1,044,946,483)	(1,044,946,483)	(844,942,398)
Administrative expenses		(621,602,466)	(621,602,466)	(527,827,920)
Net loss on exchange rates		(300,352,014)	(300,352,014)	-
Profit (loss) before finance costs, share of loss from investment in an associate and income tax		1,954,704,933	1,954,704,933	(265,175,392)
Finance costs		(339,640,223)	(339,640,223)	(205,676,971)
Profit (loss) before share of loss from investment in an associate and income tax		1,615,064,710	1,615,064,710	(470,852,363)
Share of loss from investment in an associate		(487,638)	-	-
Profit (loss) before income tax		1,614,577,072	1,615,064,710	(470,852,363)
Income tax	9	(143,667,941)	(143,667,941)	15,762,439
Net profit (loss) for the period		1,470,909,131	1,471,396,769	(455,089,924)
Total comprehensive income (expense) for the period		1,470,909,131	1,471,396,769	(455,089,924)
Earnings (loss) per share				
Basic earnings (loss) per share	10	33.77	33.78	(10.45)

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

Thai AirAsia Company Limited
Statement of Changes in Shareholders' Equity
For the nine-month period ended 30 September 2015

		Equity Method				
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
Notes	Appropriated - legal reserve Baht			Unappropriated Baht		
Opening balance as at 1 January 2015 (Audited)		435,555,600	2,628,786,469	-	3,136,637,372	6,200,979,441
Total comprehensive income for the period		-	-	-	1,470,909,131	1,470,909,131
Dividends		-	-	-	(958,222,320)	(958,222,320)
Legal reserve		-	-	43,555,560	(43,555,560)	-
Closing balance as at 30 September 2015 (Unaudited)		<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>3,605,768,623</u>	<u>6,713,666,252</u>
		Company				
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
Notes	Appropriated - legal reserve Baht			Unappropriated Baht		
Opening balance as at 1 January 2014 (Audited)		435,555,600	2,628,786,469	-	2,792,005,644	5,856,347,713
Total comprehensive expense for the period		-	-	-	(455,089,924)	(455,089,924)
Closing balance as at 30 September 2014 (Unaudited)		<u>435,555,600</u>	<u>2,628,786,469</u>	<u>-</u>	<u>2,336,915,720</u>	<u>5,401,257,789</u>
Opening balance as at 1 January 2015 (Audited)		435,555,600	2,628,786,469	-	3,136,637,372	6,200,979,441
Total comprehensive income for the period		-	-	-	1,471,396,769	1,471,396,769
Dividends		-	-	-	(958,222,320)	(958,222,320)
Legal reserve		-	-	43,555,560	(43,555,560)	-
Closing balance as at 30 September 2015 (Unaudited)		<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>3,606,256,261</u>	<u>6,714,153,890</u>

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

Thai AirAsia Company Limited
Statement of Cash Flows
For the nine-month period ended 30 September 2015

	Note	Equity Method	Company	
		Unaudited 2015 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Cash flows from operating activities				
Profit (loss) before income tax		1,614,577,072	1,615,064,710	(470,852,363)
Adjustments for:				
Depreciation	7	815,392,766	815,392,766	558,450,846
Amortisation	7	3,475,226	3,475,226	4,111,208
Amortisation of prepaid expenses		155,239,765	155,239,765	75,026,163
(Gain) loss on disposals of leasehold improvements and equipment		1,909,900	1,909,900	(304,190)
Employee benefit expenses		31,633,937	31,633,937	27,176,768
Net (gain) loss on exchange rates		489,156,409	489,156,409	(47,084,503)
Net gain on fair value adjustment in investments in private funds		(27,192)	(27,192)	(13,242,646)
Share of loss from investment in an associate		487,638	-	-
Finance costs		339,640,223	339,640,223	205,676,971
Interest income		(80,294,783)	(80,294,783)	(130,193,351)
		3,371,190,961	3,371,190,961	208,764,903
Changes in operating assets and liabilities:				
- Trade and other receivables		139,380,084	139,380,084	(3,052,644)
- Amounts due from related parties		(386,955,035)	(386,955,035)	(417,535,416)
- Inventories		(36,311,392)	(36,311,392)	5,536,870
- Prepaid expenses		(151,878,600)	(151,878,600)	(150,229,306)
- Value added tax receivable		63,641,218	63,641,218	(88,110,244)
- Other current assets		(13,202,248)	(13,202,248)	(2,277,214)
- Other non-current assets		(181,715,618)	(181,715,618)	15,192,396
- Trade accounts payable		39,374,543	39,374,543	(30,112,268)
- Other accounts payable		28,242,132	28,242,132	76,898,924
- Amounts due to related parties		(18,684,422)	(18,684,422)	(292,829,697)
- Deferred revenues		(862,162,661)	(862,162,661)	492,426,444
- Accrued expenses		(3,815,211)	(3,815,211)	(160,957,980)
- Other current liabilities		(33,108,962)	(33,108,962)	5,294,367
Cash generated from (used in) operating activities		1,953,994,789	1,953,994,789	(340,990,865)
Income tax paid		(4,683,791)	(4,683,791)	(118,981,294)
Interest received		19,444,231	19,444,231	20,824,427
Net cash generated from (used in) operating activities		1,968,755,229	1,968,755,229	(439,147,732)

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

Thai AirAsia Company Limited
Statement of Cash Flows (Cont'd)
For the nine-month period ended 30 September 2015

	Notes	Equity method	Company	
		Unaudited 2015 Baht	Unaudited 2015 Baht	Unaudited 2014 Baht
Cash flows from investing activities				
Decrease (increase) in cash at financial institutions				
pledged as security		(258,918,263)	(258,918,263)	175,364,332
Decrease in short-term investments		409,578,602	409,578,602	1,401,303,255
Decrease in investments in private funds		10,507,428	10,507,428	1,005,033,057
Decrease in long-term investments		498,836,800	498,836,800	17,704,500
Payment for investment in an associate	6	(2,500,000)	(2,500,000)	-
Proceeds from disposals of leasehold				
improvements and equipment		1,497,261	1,497,261	385,286
Payments for aircraft, leasehold				
improvements and equipment		(794,719,310)	(794,719,310)	(1,169,295,276)
Payments for intangible assets	7	(4,414,730)	(4,414,730)	(4,591,455)
Interest received		101,819,606	101,819,606	104,824,419
Net cash generated from (used in)				
investing activities		<u>(38,312,606)</u>	<u>(38,312,606)</u>	<u>1,530,728,118</u>
Cash flows from financing activities				
Repayments of finance leases		(766,306,954)	(766,306,954)	(485,317,894)
Interest paid		(411,137,180)	(411,137,180)	(214,804,920)
Dividends paid	11	(958,222,320)	(958,222,320)	-
Net cash used in financing activities		<u>(2,135,666,454)</u>	<u>(2,135,666,454)</u>	<u>(700,122,814)</u>
Net increase (decrease) in cash and cash equivalents				
		(205,223,831)	(205,223,831)	391,457,572
Cash and cash equivalents				
at the beginning of the period		4,783,432,668	4,783,432,668	1,956,554,421
Exchange gain (loss) on cash and cash equivalents		157,636,247	157,636,247	(20,191,977)
Cash and cash equivalents at the end of the period				
		<u>4,735,845,084</u>	<u>4,735,845,084</u>	<u>2,327,820,016</u>

Non-cash transactions

Significant non-cash transactions during the nine-month period ended 30 September 2015 and 2014 are as follows:

Purchases of aircraft spare parts				
which have not been paid		68,331,256	68,331,256	2,715,126
Purchases of aircraft and aircraft engine				
under finance lease agreements		2,318,695,692	2,318,695,692	4,329,620,440

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

1 General information

Thai AirAsia Company Limited (“the Company”) is a limited company and incorporated in Thailand. The address of the Company’s registered office is as follows:

222, Don Mueang International Airport, 3rd floor, Central Office Building, Room no. 3200, Vibhavadee Rangsit Road, Sanam Bin district, Don Mueang, Bangkok, 10210.

The principal business operation of the Company is to provide low-fare airline services.

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

This interim financial information was approved by the Board of Directors on 12 November 2015.

This interim financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

This interim financial information was prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial information (i.e. statement of financial position, statements of comprehensive income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34 (revised 2014), “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2014.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the financial statements for the year ended 31 December 2014.

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

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

2 Accounting policies (Cont'd)

2.2 Basic of preparation equity method financial information

On 17 March 2015, the Company had entered into Share Purchase Agreement to acquire 50% shareholding of Technology Asia Pacific Co., Ltd. ("TAP"). However, during the 3rd quarter of 2015, there is no substantial evidence indicated that the Company has control over TAP. Accordingly, as of 30 September 2015 the investment in TAP was accounted for in the Company's financial information as investment in an associate and the 50% operation result after the acquisition of TAP was recognised as share of loss from investment in an associate in the equity method interim financial information for the three-month and nine-month period ended 30 September 2015.

Due to the fact that, the Company has no interest in the above associate as at 31 December 2014 and during the three-month and nine-month period ended 30 September 2014. Therefore, the equity interim financial information aforementioned periods are not presented for comparison.

2.3 New financial reporting standards, revised accounting standards and revised financial reporting standards

a) New financial reporting standards and revised accounting standards, which are expected to have significant change effective on 1 January 2015 and are relevant to the Company, are as follows:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory. This standard has no impact to the Company.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period. This standard has no impact to the Company.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted by equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

2 Accounting policies (Cont'd)

2.3 New financial reporting standards, revised accounting standards and revised financial reporting standards (Cont'd)

- a) New financial reporting standards and revised accounting standards, which are expected to have significant change effective on 1 January 2015 and are relevant to the Company, are as follows: (Cont'd)

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the Company, except for disclosures.

The Company's management has assessed and determined that the new financial reporting standards and revised accounting standards do not have impact to the equity method financial information and company financial information being presented.

- b) Revised financial reporting standards and revised accounting standards, which are expected to have significant change effective on 1 January 2016 and are relevant to the Company, are as follows:

TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TAS 24 (revised 2015)	Related party disclosures

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

The Company has not yet early adopted these revised standards. The management has assessed and considered that the above revised standards will not have a material impact on the Company.

2 Accounting policies (Cont'd)

2.4 Revised accounting policy

Investment in an associate

On 17 March 2015, the Company acquired 50% shareholding of Technology Asia Pacific Company Limited. The acquisition comprises 2,000,000 capital shares at the par value of Baht 5 per share, totalling Baht 10 million. As of 30 September 2015, the Company paid up 25% or equivalent to Baht 2.50 million.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Company's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investments in associates are accounted for using the cost method.

A list of the Company's principal associate is set out in Note 6.

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 2014.

4 Segment information

Financial information by business segments

	Equity Method		
	For the three-month period ended 30 September 2015 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	6,678,901,512	575,296,578	7,254,198,090
Profit from operation	242,049,114	73,820,680	315,869,794
Other income			201,100,564
Net loss on exchange rates			(231,423,906)
Finance costs			(88,205,673)
Profit before share of loss from investment in an associate and income tax			197,340,779
Share of loss from investment in an associate			(305,600)
Income tax			(22,912,231)
Net profit for the period			174,122,948
Total assets			27,856,450,573

	Equity Method		
	For the nine-month period ended 30 September 2015 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	20,265,846,372	1,607,480,655	21,873,327,027
Profit from operation	1,370,498,124	297,059,098	1,667,557,222
Other income			587,499,725
Net loss on exchange rates			(300,352,014)
Finance costs			(339,640,223)
Profit before share of loss from investment in an associate and income tax			1,615,064,710
Share of loss from investment in an associate			(487,638)
Income tax			(143,667,941)
Net profit for the period			1,470,909,131
Total assets			27,856,450,573

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.

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4 Segment information (Cont'd)

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

- Scheduled flight operations: The Company provides passenger air transportation services to routine destinations based on scheduled flights. The Company sells tickets through its distribution channels such as website, sale counters and travel agents etc.
- Charter flight operations: The Company provides passenger air transportation services to non-routine destinations. Flights are operated when there is a hiring from customers who normally are tourist agency companies.

Performance of each operating segment is measured by profit or loss from operation which is using the same basis that the Company measures its profit or loss from operation in the financial information. Net gain (loss) on exchange rates, other income, finance costs, share of gain (loss) from investment in an associate and income tax are not allocated to each reporting segment.

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

5 Trade and other receivables, net

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Trade accounts receivable	324,975,941	324,975,941	255,647,615
<u>Less</u> Allowance for doubtful account	-	-	-
Trade accounts receivable, net	324,975,941	324,975,941	255,647,615
Accrued airport incentive	-	-	253,027,273
Accrued income	93,454,530	93,454,530	111,865,263
Other accounts receivable	32,166,251	32,166,251	10,474,513
Total trade and other receivables, net	450,596,722	450,596,722	631,014,664

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

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Up to 3 months	309,915,661	309,915,661	216,357,455
3 - 6 months	137,310	137,310	3,881,108
6 - 12 months	690,317	690,317	12,291,770
Over 12 months	14,232,653	14,232,653	23,117,282
Total trade accounts receivable	324,975,941	324,975,941	255,647,615
<u>Less</u> Allowance for doubtful account	-	-	-
Total trade accounts receivable, net	324,975,941	324,975,941	255,647,615

6 Investment in an associate

The investment of the Company is as follows:

Country of incorporation	Percentage of shareholding and voting rights		Equity Method	Company		
	Unaudited 30 September 2015 Percent	Audited 31 December 2014 Percent	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht	
	An Associate Technology Asia Pacific Co., Ltd.	Thai	50	-	2,012,362	2,500,000

On 17 March 2015, the Company acquired 50% shareholding of Technology Asia Pacific Co., Ltd. The acquisition comprises 2,000,000 capital shares at the par value of Baht 5 per share, totalling Baht 10 million. As of 30 September 2015, the Company paid-up 25% or equivalent to Baht 2.50 million.

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

	Equity Method		Company	
	Aircraft, leasehold improvements and equipment Baht	Intangible assets Baht	Aircraft, leasehold improvements and equipment Baht	Intangible assets Baht
For the nine-month period ended 30 September 2015				
Opening net book amount (Audited)	15,932,386,431	11,459,936	15,932,386,431	11,459,936
Additions	3,222,411,800	4,414,730	3,222,411,800	4,414,730
Disposals, net	(3,407,161)	-	(3,407,161)	-
Depreciation/amortisation	(815,392,766)	(3,475,226)	(815,392,766)	(3,475,226)
Closing net book amount (Unaudited)	<u>18,335,998,304</u>	<u>12,399,440</u>	<u>18,335,998,304</u>	<u>12,399,440</u>

Significant additions in financial information for the nine-month period ended 30 September 2015 are aircraft acquired under finance leases and related spare parts of Baht 3,149.02 million.

8 Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Within 1 year	1,710,732,786	1,710,732,786	1,365,914,441
Later than 1 year but not later than 5 years	6,797,840,494	6,797,840,494	5,451,922,249
Later than 5 years	8,385,486,455	8,385,486,455	7,737,871,073
<u>Less</u> Future finance charges on finance leases	<u>(2,495,429,490)</u>	<u>(2,495,429,490)</u>	<u>(2,478,739,612)</u>
	<u>14,398,630,245</u>	<u>14,398,630,245</u>	<u>12,076,968,151</u>
Representing lease liabilities:			
- Current portion	1,267,472,068	1,267,472,068	959,006,292
- Non-current portion	13,131,158,177	13,131,158,177	11,117,961,859
	<u>14,398,630,245</u>	<u>14,398,630,245</u>	<u>12,076,968,151</u>

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8 Finance lease liabilities (Cont'd)

The present value of finance lease liabilities is as follows:

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Within 1 year	1,678,797,278	1,678,797,278	1,338,730,452
Later than 1 year but not later than 5 years	6,150,227,610	6,150,227,610	4,889,550,263
Later than 5 years	6,569,605,357	6,569,605,357	5,848,687,436
	14,398,630,245	14,398,630,245	12,076,968,151

During the quarter ended 30 September 2015, the Company entered into two aircraft and one aircraft engine finance lease agreements. The lease period of each Aircraft is 12 years and Aircraft engine is 5 years, with a purchase option from the lessor at the end of the lease period.

9 Income tax

Income tax expense presented in the equity method and company statements of comprehensive income is calculated from the taxable net profit at 20% (2014: 20%)

10 Earnings (loss) per share

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

	Equity Method	Company	
	For the three-month period ended 30 September (Unaudited)		
	2015	2015	2014
Net profit (loss) for the period (Baht)	174,122,948	174,428,548	(382,135,183)
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560	43,555,560
Basic earnings (loss) per share (Baht per share)	4.00	4.00	(8.77)

	Equity Method	Company	
	For the nine-month period ended 30 September (Unaudited)		
	2015	2015	2014
Net profit (loss) for the period (Baht)	1,470,909,131	1,471,396,769	(455,089,924)
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560	43,555,560
Basic earnings (loss) per share (Baht per share)	33.77	33.78	(10.45)

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

11 Dividends

At the Board of Directors Meeting held on 11 August 2015, the Board of Directors approved the payment of interim dividends in respect of the retained earnings which was received promotional privileges from the Board of Investment (“BOI”) as of 30 June 2015 at Baht 22 per share (2014: Nil) for 43,555,560 ordinary shares, totalling Baht 958.22 million (2014: Nil). The dividends were paid to shareholders on 19 August 2015.

12 Legal reserve

	Equity Method	Company	
	2015 Baht	2015 Baht	2014 Baht
At 1 January (Audited)	-	-	-
Appropriation during the period	43,555,560	43,555,560	-
At 30 September (Unaudited)	43,555,560	43,555,560	-

Under the Civil and Commercial Code, the Company is required to set aside as a legal reserve at least 5% of its net profit arising from the business of the Company at each distribution of dividend until the reserve reaches 10% of the registered capital or such higher proportion thereof as may be stipulated in the regulations of the Company. The legal reserve is non-distributable.

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 September 2015, the Company are controlled by Asia Aviation Public Company Limited which owns 55% of the shares of the Company (31 December 2014: 55%).

For reporting purposed, 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

	Equity Method		Company	
	For the three-month period ended			
	30 September (Unaudited)			
	2015	2015	2014	
	Baht	Baht	Baht	Baht
Other related parties				
Interest income	624,755	624,755	1,291,513	
Other administrative fee	13,185,708	13,185,708	-	

	Equity Method		Company	
	For the nine-month period ended			
	30 September (Unaudited)			
	2015	2015	2014	
	Baht	Baht	Baht	Baht
Other related parties				
Interest income	2,227,623	2,227,623	3,649,869	
Other administrative fee	33,948,677	33,948,677	-	

13.2 Purchases of goods, services and expenses

	Equity Method		Company	
	For the three-month period ended			
	30 September (Unaudited)			
	2015	2015	2014	
	Baht	Baht	Baht	Baht
Other related parties				
Share of loss from fuel price swap agreements	298,412,370	298,412,370	22,411,088	
Share of staff costs for accounting and other services	7,714,325	7,714,325	7,587,440	
Aircraft rental	1,073,389,417	1,073,389,417	931,965,466	
Aircraft repair and maintenance	276,561,239	276,561,239	333,245,672	
Purchases of merchandises and equipment	31,894,944	31,894,944	114,463,034	
Management fee expenses	4,315,756	4,315,756	3,869,756	
Booking fee expenses	33,897,560	33,897,560	24,182,705	
Pilot training expenses	38,716,200	38,716,200	40,211,516	
Brand license fee expenses	75,594,311	75,594,311	58,901,214	
Parent company				
Management fee expenses	6,250,000	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 (Cont'd)

	Equity Method	Company	
	For the nine-month period ended 30 September (Unaudited)		
	2015 Baht	2015 Baht	2014 Baht
Other related parties			
Share of loss from fuel price swap agreements	852,092,113	852,092,113	353,898
Share of staff costs for accounting and other services	29,548,417	29,548,417	19,786,892
Aircraft rental	3,003,666,021	3,003,666,021	2,806,832,494
Aircraft repair and maintenance	1,083,251,224	1,083,251,224	1,111,138,863
Purchases of merchandises and equipment	178,073,139	178,073,139	183,165,221
Management fee expenses	12,272,428	12,272,428	11,700,520
Booking fee expenses	94,377,711	94,377,711	75,206,585
Pilot training expenses	81,506,067	81,506,067	78,145,783
Brand license fee expenses	224,828,821	224,828,821	181,722,172
Parent company			
Management fee expenses	18,750,000	18,750,000	18,750,000

13.3 Management remunerations

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

	Equity Method	Company	
	For the three-month period ended 30 September (Unaudited)		
	2015 Baht	2015 Baht	2014 Baht
Salaries and other short-term employee benefits	17,819,046	17,819,046	17,504,183
Retirement benefits	1,315,523	1,315,523	1,252,552
	19,134,569	19,134,569	18,756,735
	Equity Method	Company	
	For the nine-month period ended 30 September (Unaudited)		
	2015 Baht	2015 Baht	2014 Baht
Salaries and other short-term employee benefits	54,641,061	54,641,061	69,482,636
Retirement benefits	4,049,005	4,049,005	3,757,654
	58,690,066	58,690,066	73,240,290

13 Related party transactions (Cont'd)

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

13.4 Amounts due from related parties

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Other related parties	456,320,425	456,320,425	68,162,932

Amounts due from related parties have been charged with the interest for overdue amount at 6% per annum (2014: 6% per annum).

13.5 Amounts due to related parties

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Other related parties	447,337,332	447,337,332	472,709,254
Parent company	6,687,500	6,687,500	-
	454,024,832	454,024,832	472,709,254

13.6 Other non-current assets

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Other related parties			
Aircraft rental deposits	743,935,072	743,935,072	630,333,888
Fuel price swap deposit	18,102,400	18,102,400	16,406,400
	762,037,472	762,037,472	646,740,288

14 Net fair value of financial instruments

Fuel price swap agreements

The net fair value of fuel price swap agreements at the statement of financial position date is as follows:

	Equity Method	Company	
	Unaudited 30 September 2015 US Dollars	Unaudited 30 September 2015 US Dollars	Audited 31 December 2014 US Dollars
Unfavourable fuel price swap agreements	(11,159,308)	(11,159,308)	(27,322,704)

Foreign exchange forward contracts

The net fair value of foreign exchange forward contracts at the statement of financial position date is as follows:

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Favourable (unfavourable) foreign exchange forward contracts	27,362,230	27,362,230	(13,115,208)

The fair value of the foreign exchange forward contracts has been calculated (using rates quoted by the counterparty to the contracts) as if the contract was terminated at the statement of financial position date.

Interest rate swap agreements

The net fair value of interest rate swap agreements at the statement of financial position date is as follows:

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Unfavourable interest rate swap agreements	(38,705,322)	(38,705,322)	(25,340,152)

Cross currency swap agreement

The net fair value of cross currency swap agreement at the statement of financial position date is as follows:

	Equity Method	Company	
	Unaudited 30 September 2015 Baht	Unaudited 30 September 2015 Baht	Audited 31 December 2014 Baht
Favourable cross currency swap agreement	78,153,238	78,153,238	-

15 Commitments

For the nine-month period ended 30 September 2015, there were no significant changes in commitments or contingent liabilities from the year ended 31 December 2014 (please see financial statements for the year ended 31 December 2014).

As at 30 September 2015, the Company had the future aggregate minimum lease payments in respect of non-cancellable aircraft operating lease agreements and insurance agreements of aircraft and aircraft engine as follows:

	Equity Method	
	Unaudited 30 September 2015	
	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	123,287,808	1,904,975
Later than 1 year but not later than 5 years	471,725,479	-
Later than 5 years	237,016,930	-
Total	832,030,217	1,904,975

	Company			
	Unaudited 30 September 2015		Audited 31 December 2014	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	123,287,808	1,904,975	115,260,000	2,993,762
Later than 1 year but not later than 5 years	471,725,479	-	459,325,479	-
Later than 5 years	237,016,930	-	275,132,384	-
Total	832,030,217	1,904,975	849,717,863	2,993,762

16 Guarantees

As at 30 September 2015, 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 178.17 million (as at 31 December 2014: Baht 99.29 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.

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17 Letters 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:

	Equity Method		
	Unaudited 30 September 2015		
	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	0.09	23.58
Guarantees relating to maintenance reserve fund	-	19.96	-
Total	7.90	20.05	23.58

	Company					
	Unaudited 30 September 2015			Audited 31 December 2014		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	0.09	23.58	7.90	0.09	12.38
Guarantees relating to maintenance reserve fund	-	19.96	-	-	9.59	-
Total	7.90	20.05	23.58	7.90	9.68	12.38

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

	Equity Method		Company			
	Unaudited 30 September 2015		Unaudited 30 September 2015		Audited 31 December 2014	
	Baht million	Indian Rupee million	Baht million	Indian Rupee million	Baht million	Indian Rupee million
Saving account	429.92	-	429.92	-	171.01	-
Current account	-	12.68	-	12.68	-	12.68
Total	429.92	12.68	429.92	12.68	171.01	12.68

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 the business of air transportation. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income tax for the promoted activities for a period of eight years from the date when income is first derived. To be entitled to the privileges, the Company must comply with the conditions and restrictions provided in the promotional certificates. The conditions require that the Company’s authorised and paid-up share capital shall not less than Baht 435.50 million.

As at 30 September 2015, the Company had received 16 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2014: 12 aircraft).

19 Subsequent events

On 30 October 2015, the Company accepted the delivery of one additional Airbus A320-216 aircraft. The expansion of the Company’s fleet is to support the launch of new routes and increase the frequency of flights on the Company’s existing routes. This aircraft is acquired under operating lease agreement for period of 6 years.