

THAI AIRASIA COMPANY LIMITED

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

31 MARCH 2017



AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

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

I have reviewed the interim financial information of Thai AirAsia Company Limited, which comprises the statement of financial position as at 31 March 2017, and the related statements of comprehensive income, changes in equity, and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

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

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

Thai AirAsia Company Limited
Statement of Financial Position
As at 31 March 2017

		Unaudited	Audited
		31 March	31 December
		2017	2016
	Notes	Baht	Baht
Assets			
Current assets			
Cash and cash equivalents		5,069,016,551	4,549,226,048
Cash at financial institutions pledged as security		-	1,636,470
Short-term investments	5	2,028,570,657	2,069,763,643
Trade and other receivables, net	6	431,715,441	445,133,586
Amounts due from related parties	12.4	1,258,188,675	804,788,351
Inventories		101,202,161	118,176,358
Prepaid expenses		331,150,582	322,162,559
Other current assets		99,999,531	332,709,413
Total current assets		9,319,843,598	8,643,596,428
Non-current assets			
Long-term investment		10,389,500	10,389,500
Aircraft maintenance reserves	12.5	2,665,543,653	2,665,543,653
Aircraft, leasehold improvements and equipment, net	7	21,707,386,758	20,363,103,399
Intangible assets, net	7	36,579,859	15,463,357
Other non-current assets		1,019,112,668	1,040,698,183
Total non-current assets		25,439,012,438	24,095,198,092
Total assets		34,758,856,036	32,738,794,520

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

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 31 March 2017

		Unaudited	Audited
		31 March	31 December
		2017	2016
	Notes	Baht	Baht
Liabilities and equity			
Current liabilities			
Trade accounts payable		315,631,304	488,960,425
Other accounts payable		394,164,087	340,263,493
Amounts due to related parties	12.7	587,837,667	437,468,985
Deferred revenues		4,346,101,111	4,238,145,612
Accrued expenses		1,944,018,519	1,888,034,299
Current portion of long-term borrowings	8	462,766,645	559,746,132
Current portion of finance lease liabilities	9	1,302,920,340	1,231,760,940
Other current liabilities		62,015,132	38,961,588
Total current liabilities		9,415,454,805	9,223,341,474
Non-current liabilities			
Long-term borrowings	8	1,206,491,632	1,273,007,321
Finance lease liabilities	9	13,203,303,136	12,390,703,979
Deferred tax liabilities, net		343,678,768	307,430,571
Employee benefit obligations		264,741,673	254,950,594
Total non-current liabilities		15,018,215,209	14,226,092,465
Total liabilities		24,433,670,014	23,449,433,939

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

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 31 March 2017

	Unaudited	Audited
	31 March	31 December
	2017	2016
	Baht	Baht
	<u> </u>	<u> </u>
Liabilities and equity (Cont'd)		
Equity		
Share capital		
Authorised share capital		
Ordinary shares, 43,555,560 shares		
of par Baht 10 each	435,555,600	435,555,600
	<u> </u>	<u> </u>
Issued and paid-up share capital		
Ordinary shares, 43,555,560 shares		
of paid-up Baht 10 each	435,555,600	435,555,600
Premium on share capital	2,628,786,469	2,628,786,469
Retained earnings		
Appropriated - legal reserve	43,555,560	43,555,560
Unappropriated	7,217,288,393	6,181,462,952
	<u> </u>	<u> </u>
Total equity	<u>10,325,186,022</u>	<u>9,289,360,581</u>
Total liabilities and equity	<u>34,758,856,036</u>	<u>32,738,794,520</u>

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

Thai AirAsia Company Limited
Statement of Comprehensive Income
For the three-month period ended 31 March 2017

	Notes	Unaudited 2017 Baht	Unaudited 2016 Baht
Revenues from sales and services		9,150,232,361	8,952,494,349
Cost of sales of goods and services		<u>(7,565,328,999)</u>	<u>(6,463,107,604)</u>
Gross profit		1,584,903,362	2,489,386,745
Net gain on exchange rates		143,582,665	-
Other income		<u>251,235,716</u>	<u>231,943,393</u>
Profit before expenses		1,979,721,743	2,721,330,138
Selling expenses		(379,565,311)	(390,070,023)
Administrative expenses		(369,612,327)	(275,258,756)
Net loss on exchange rates		<u>-</u>	<u>(2,440,582)</u>
Profit before finance costs and income taxes		1,230,544,105	2,053,560,777
Finance costs		<u>(158,470,467)</u>	<u>(126,776,785)</u>
Profit before income taxes		1,072,073,638	1,926,783,992
Income taxes	10	<u>(36,248,197)</u>	<u>(94,958,333)</u>
Net profit for the period		<u>1,035,825,441</u>	<u>1,831,825,659</u>
Total comprehensive income for the period		<u><u>1,035,825,441</u></u>	<u><u>1,831,825,659</u></u>
Earnings per share			
Basic earnings per share	11	<u><u>23.78</u></u>	<u><u>42.06</u></u>

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

Thai AirAsia Company Limited
Statement of Changes in Equity
For the three-month period ended 31 March 2017

	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
			Appropriated - legal reserve Baht	Unappropriated Baht	
Opening balance as at 1 January 2016 (Audited)	435,555,600	2,628,786,469	43,555,560	4,149,219,827	7,257,117,456
Total comprehensive income for the period	-	-	-	1,831,825,659	1,831,825,659
Closing balance as at 31 March 2016 (Unaudited)	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>5,981,045,486</u>	<u>9,088,943,115</u>
Opening balance as at 1 January 2017 (Audited)	435,555,600	2,628,786,469	43,555,560	6,181,462,952	9,289,360,581
Total comprehensive income for the period	-	-	-	1,035,825,441	1,035,825,441
Closing balance as at 31 March 2017 (Unaudited)	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>7,217,288,393</u>	<u>10,325,186,022</u>

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

Thai AirAsia Company Limited
Statement of Cash Flows
For the three-month period ended 31 March 2017

	Note	Unaudited 2017 Baht	Unaudited 2016 Baht
Cash flows from operating activities			
Profit before income taxes		1,072,073,638	1,926,783,992
Adjustments for:			
Bad debt		346,144	-
Depreciation	7	323,055,776	279,553,891
Amortisation	7	2,176,911	1,032,343
Amortisation of prepaid expenses		42,470,866	34,249,800
Loss on disposals and write-offs of leasehold improvements, equipment and intangible assets		43,098,696	56,554,773
Employee benefit expenses		16,216,079	11,132,669
Net gain on exchange rates		(159,140,180)	(94,006,715)
Finance costs		158,470,467	126,776,785
Interest income		(8,678,369)	(12,268,701)
		<u>1,490,090,028</u>	<u>2,329,808,837</u>
Changes in operating assets and liabilities:			
- Trade and other receivables		19,438,244	(5,204,344)
- Amounts due from related parties		(453,675,385)	(24,811,908)
- Inventories		16,974,197	(18,594,703)
- Prepaid expenses		(51,458,889)	(89,911,463)
- Other current assets		234,794,767	(6,967,690)
- Other non-current assets		21,585,515	(23,433,294)
- Trade accounts payable		(173,329,121)	2,834,889
- Other accounts payable		53,900,594	41,648,683
- Amounts due to related parties		150,368,682	230,479,646
- Deferred revenues		107,955,499	(9,320,531)
- Accrued expenses		74,887,762	(73,540,284)
- Employee benefit paid		(6,425,000)	(1,600,000)
- Other current liabilities		23,053,544	13,062,069
		<u>1,508,160,437</u>	<u>2,364,449,907</u>
Cash generated from operating activities		1,508,160,437	2,364,449,907
Income taxes paid		(2,084,885)	(1,365,655)
Interest received		820,571	1,523,006
		<u>1,506,896,123</u>	<u>2,364,607,258</u>
Net cash generated from operating activities		1,506,896,123	2,364,607,258

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

Thai AirAsia Company Limited
Statement of Cash Flows (Cont'd)
For the three-month period ended 31 March 2017

	Note	Unaudited 2017 Baht	Unaudited 2016 Baht
Cash flows from investing activities			
Decrease in cash at financial institutions pledged as security		1,636,140	34,817,677
Decrease in short-term investments		-	250,000,000
Payment for aircraft maintenance reserves		-	(703,737,949)
Proceeds from disposals of leasehold improvements and equipment		51,579	1,680,732
Payments for aircraft, leasehold improvements and equipment		(317,483,796)	(60,138,275)
Payments for intangible assets	7	(23,293,415)	(3,406,600)
Interest received		-	10,209,597
Net cash used in investing activities		<u>(339,089,492)</u>	<u>(470,574,818)</u>
Cash flows from financing activities			
Repayments of long-term borrowings	8	(163,695,176)	-
Repayments of finance leases		(293,367,277)	(297,250,670)
Interest paid		(136,873,356)	(145,764,516)
Net cash used in financing activities		<u>(593,935,809)</u>	<u>(443,015,186)</u>
Net increase in cash and cash equivalents		573,870,822	1,451,017,254
Cash and cash equivalents at the beginning of the period		4,549,226,048	6,071,376,910
Exchange loss on cash and cash equivalents		(54,080,319)	(52,346,870)
Cash and cash equivalents at the end of the period		<u><u>5,069,016,551</u></u>	<u><u>7,470,047,294</u></u>

Non-cash transactions

Significant non-cash transactions during the three-month periods ended 31 March 2017 and 2016 are as follows:

Purchases of aircraft spare parts which have not been paid	5,112,032	27,918,741
Purchases of aircraft under finance lease agreements	1,420,000,000	-

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

1 General information

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

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

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

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

This interim financial information has been reviewed, not audited.

2 Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

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

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2016.

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

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

2.2 New financial reporting standard, revised accounting standards, revised financial reporting standards, and related interpretations (collectively called financial reporting standards)

The Company has applied the new and revised financial reporting standards effective on 1 January 2017 which were disclosed in the notes to financial statements for the year ended 31 December 2016. The application of those financial reporting standards does not have significant impact to the interim financial information.

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

4 Segment information

Financial information by business segments

	For the three-month period ended 31 March 2017 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	8,755,709,919	394,522,442	9,150,232,361
Profit from operation	728,477,192	107,248,532	835,725,724
Net gain on exchange rates			143,582,665
Other income			251,235,716
Finance costs			(158,470,467)
Profit before income taxes			1,072,073,638
Income taxes			(36,248,197)
Net profit for the period			<u>1,035,825,441</u>
Total assets			34,758,856,036

	For the three-month period ended 31 March 2016 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues from sales and services	8,432,825,552	519,668,797	8,952,494,349
Profit from operation	1,678,234,833	145,823,133	1,824,057,966
Other income			231,943,393
Net loss on exchange rates			(2,440,582)
Finance costs			(126,776,785)
Profit before income taxes			1,926,783,992
Income taxes			(94,958,333)
Net profit for the period			<u>1,831,825,659</u>
Total assets			30,666,657,428

4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

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

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

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

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

5 Short-term investments

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Fixed deposits	2,028,570,657	2,069,763,643

As at 31 March 2017, short-term investments comprised fixed deposits of US Dollars 30 million and Baht 1,000 million (2016: US Dollars 30 million and Baht 1,000 million). Fixed deposits have the period of 6-month to 12-month and bear interests at the rates of 1.00% to 1.65% per annum (2016: 1.00% to 1.65% per annum).

6 Trade and other receivables, net

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Trade accounts receivable	352,649,472	339,573,128
<u>Less</u> Allowance for doubtful accounts	-	-
Trade accounts receivable, net	352,649,472	339,573,128
Accrued airport fee and incentive income	27,360,313	35,016,553
Accrued income	25,182,058	49,823,994
Other receivables	26,523,598	20,719,911
Total trade and other receivables, net	431,715,441	445,133,586

6 Trade and other receivables, net (Cont'd)

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

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Up to 3 months	316,039,713	311,441,205
3 - 6 months	21,043,891	14,996,214
6 - 12 months	4,123,252	8,894,433
Over 12 months	11,442,616	4,241,276
Total trade accounts receivable	352,649,472	339,573,128
<u>Less</u> Allowance for doubtful accounts	-	-
Total trade accounts receivable, net	<u>352,649,472</u>	<u>339,573,128</u>

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

	Aircraft, leasehold improvements and equipment Baht	Intangible assets Baht
For the three-month period ended 31 March 2017		
Opening net book amount (Audited)	20,363,103,399	15,463,357
Additions	1,710,489,409	23,293,415
Disposals/write-offs, net	(43,150,274)	(2)
Depreciation/amortisation	<u>(323,055,776)</u>	<u>(2,176,911)</u>
Closing net book amount (Unaudited)	<u>21,707,386,758</u>	<u>36,579,859</u>

8 Borrowings

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Current		
Current portion of long-term borrowings from bank	463,566,645	560,546,132
<u>Less</u> Front end fee	<u>(800,000)</u>	<u>(800,000)</u>
Total current borrowings	<u>462,766,645</u>	<u>559,746,132</u>
Non-current		
Long-term borrowings from bank	1,207,671,632	1,274,387,321
<u>Less</u> Front end fee	<u>(1,180,000)</u>	<u>(1,380,000)</u>
Total non-current borrowings	<u>1,206,491,632</u>	<u>1,273,007,321</u>
Total borrowings	<u>1,669,258,277</u>	<u>1,832,753,453</u>

8 Borrowings (Cont'd)

Movements in borrowings are analysed as follows:

	2017 Baht
For the three-month period ended 31 March 2017	
Opening book amount (Audited)	1,832,753,453
Amortisation of front end fee	200,000
Payments for long-term borrowings	<u>(163,695,176)</u>
Closing book amount (Unaudited)	<u><u>1,669,258,277</u></u>

Collateral and credit facility

As at 31 March 2017, the Company had no collateral and non-available credit facility.

9 Finance lease liabilities

Finance lease liabilities – minimum lease payments:

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Within 1 year	1,801,927,893	1,679,361,046
Later than 1 year but not later than 5 years	7,206,584,530	6,717,444,182
Later than 5 years	8,274,771,010	7,703,167,381
<u>Less</u> Future finance charges on finance leases	<u>(2,777,059,957)</u>	<u>(2,477,507,690)</u>
	<u><u>14,506,223,476</u></u>	<u><u>13,622,464,919</u></u>
Finance lease liabilities:		
- Current portion	1,302,920,340	1,231,760,940
- Non-current portion	<u>13,203,303,136</u>	<u>12,390,703,979</u>
	<u><u>14,506,223,476</u></u>	<u><u>13,622,464,919</u></u>

The present value of finance lease liabilities is as follows:

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Within 1 year	1,765,781,504	1,646,864,776
Later than 1 year but not later than 5 years	6,466,845,333	6,054,315,289
Later than 5 years	<u>6,273,596,639</u>	<u>5,921,284,854</u>
	<u><u>14,506,223,476</u></u>	<u><u>13,622,464,919</u></u>

10 Income taxes

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

11 Earnings per share

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

	For the three-month period ended 31 March (Unaudited)	
	2017	2016
Net profit for the period (Baht)	1,035,825,441	1,831,825,659
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560
Basic earnings per share (Baht per share)	23.78	42.06

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

12 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

For reporting purpose, AirAsia Berhad who held 45% of the Company's shares and AirAsia Berhad's related parties are referred to as other related parties.

The following significant transactions were carried out with related parties:

12.1 Income

	For the three-month period ended 31 March (Unaudited)	
	2017 Baht	2016 Baht
Other related parties		
Interest income	1,491,555	3,010,146
Other administrative fees	8,591,411	15,185,983
Commission from sales of duty free goods	4,326,784	-
Passenger service revenue	8,972,085	-
Advertising income	11,111,950	-

12 Related party transactions (Cont'd)

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

12.2 Purchases of goods, services and expenses

	For the three-month period ended 31 March (Unaudited)	
	2017 Baht	2016 Baht
Other related parties		
Share of (gain) loss from fuel price swap agreements	(180,284,076)	298,446,949
Share of staff costs for accounting and other services	12,491,685	8,710,187
Aircraft rental	1,122,443,147	1,130,526,300
Aircraft repair and maintenance	533,825,813	491,966,142
Purchases of merchandises and equipment	3,147,005	38,435,357
Management fee expenses	4,201,572	4,289,784
Booking fee expenses	44,581,241	41,842,168
Pilot training expenses	32,481,639	35,344,960
Brand license fee expenses	137,909,048	90,679,867
Sponsorship fee paid to Leicester City Football Club	24,929,165	-
Donation paid to King Power Foundation	5,000,000	-
Parent company		
Management fee expenses	6,250,000	6,250,000

12.3 Management remunerations

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

	For the three-month period ended 31 March (Unaudited)	
	2017 Baht	2016 Baht
Salaries and other short-term employee benefits	52,373,149	46,155,381
Retirement benefits	1,405,712	2,362,363
	<u>53,778,861</u>	<u>48,517,744</u>

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

12.4 Amounts due from related parties

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Other related parties	<u>1,258,188,675</u>	<u>804,788,351</u>

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

12 Related party transactions (Cont'd)

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

12.5 Aircraft maintenance reserves

AirAsia Berhad, a related party, has entered into an Aircraft maintenance services agreement with the Company. Under this agreement, the Company will make prepayments for the aircraft maintenance reserves based on the number of aircraft, number of engines and number of hours flown. These Aircraft maintenance reserves are managed by AirAsia Berhad for future maintenance/overhaul deemed necessary to be performed once the aircraft reaches certain engine hours/hours flown.

As at 31 March 2017, the Company had commitment from an Aircraft maintenance services agreement amounting to US Dollars 12,370,113 (as at 31 December 2016: US Dollars 4,742,878).

12.6 Other non-current assets

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Other related parties		
Aircraft rental deposits	714,513,988	741,346,452
Fuel price swap deposit	17,142,850	17,829,400
	<u>731,656,838</u>	<u>759,175,852</u>

As at 31 March 2017, other non-current assets comprised aircraft rental deposits and fuel price swap deposit of US Dollars 23.70 million and US Dollars 0.50 million, respectively (2016: US Dollars 20.79 million and US Dollars 0.50 million).

12.7 Amounts due to related parties

	Unaudited 31 March 2017 Baht	Audited 31 December 2016 Baht
Other related parties	581,150,167	430,781,485
Parent company	6,687,500	6,687,500
	<u>587,837,667</u>	<u>437,468,985</u>

13 Fair value of derivatives financial instruments

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets and liabilities that were measured at fair value at 31 March 2017.

	Level 2 USD	Level 2 Baht
Assets		
Derivatives used for hedging		
Fuel price swap agreements	6,287,451	-
Interest rate swap agreements	-	60,461,886
Cross currency swap agreement	-	6,928,532
Total assets	6,287,451	67,390,418
	Level 2 USD	Level 2 Baht
Liabilities		
Derivatives used for hedging		
Foreign exchange forward contracts	-	45,831,022
Total liabilities	-	45,831,022

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

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

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

Derivatives instruments are measured at their fair values which were quoted prices of the financial institutions with which the Company entered into derivative instrument agreements. The fair values were based on observable information, such as interest rates and foreign exchange rates commonly quoted in publicly available sources on the date of the statement of financial position.

14 Commitments

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

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

	Unaudited		Audited	
	31 March 2017		31 December 2016	
	Rental	Insurance	Rental	Insurance
	US Dollars	agreement	US Dollars	agreement
		US Dollars	US Dollars	US Dollars
Within 1 year	146,142,473	735,842	141,613,445	1,668,900
Later than 1 year but not later than 5 years	505,323,537	-	500,694,439	-
Later than 5 years	194,609,118	-	189,148,559	-
Total	846,075,128	735,842	831,456,443	1,668,900

15 Guarantees

As at 31 March 2017, there was a commitment related to guarantees issued by bank in respect of pilot trainees' loans in accordance with its professional pilot courses amounting to Baht 215.66 million (as at 31 December 2016: Baht 215.66 million). Normally, a guarantee is terminated when the pilot trainee earns a commercial pilot's license and is assigned as a co-pilot or when the pilot trainee settles all outstanding debts with the bank. However, the Company can fully reclaim the stated liabilities from the pilot trainees' guarantors, who have pledged guarantees with the Company.

16 Letter of guarantee

The Company had commitments from letters of guarantee in respect of ground handling, technical support, and other flight operating activities including maintenance reserve fund in the ordinary course of business as follows:

	Unaudited 31 March 2017					Audited 31 December 2016				
	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million	Baht million	US Dollars million	Malaysia Ringgit million	Singapore Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	0.09	1.00	1.81	57.42	7.90	0.09	1.00	1.81	57.42
Guarantees relating to maintenance reserve fund	-	40.91	-	-	-	-	38.78	-	-	-
Total	7.90	41.00	1.00	1.81	57.42	7.90	38.87	1.00	1.81	57.42

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

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

17 Promotional privileges

On 13 March 2013, the Company received a certificate of promotional privileges from the Board of Investment (“BOI”) for 24 aircraft for air transportation business. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income taxes for the promoted activities for a period of eight years starting from the date on which the Company started earning income from the promoted activities (commencing from 26 April 2013). To be entitled to the privileges, the Company must comply with the conditions and restrictions provided in the promotional certificates. The conditions are that the Company’s authorised and paid-up share capital is not less than Baht 435.50 million. As at 31 March 2017, the Company had received all 24 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2016: 23 aircraft).

In addition, On 14 March 2017, the Company further received a certificate of promotional privileges from the Board of Investment (“BOI”) for 2 aircraft for air transportation business. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income taxes for the promoted activities for a period of five years starting from the date on which the Company started earning income from the promoted activities (commencing from 30 March 2017). To be entitled to the privileges, the Company must comply with the conditions and restrictions provided in the promotional certificates. The conditions are that the Company’s authorised and paid-up share capital is not less than Baht 435.50 million. As at 31 March 2017, the Company had received 1 aircraft under such certificate of promotional privileges from the BOI.

18 Events occurring after the reporting date

On 19 May 2017, the Company had issued debentures No.1/2017 two tranches which are named-registered, unsubordinated and unsecured totalling Baht 1,600 million. These bear fixed interest rate at 2.65% and 3.28% per annum which payable every six months. Terms of the debentures are for three and five years. The Company will use the proceeds from this issuance for general purpose and/or for loan repayment and/or for working capital.

As at 24 May 2017, the Company accepted the delivery of one additional airbus A320-251N aircraft. The expansion of the Company’s fleet is to support the launch of new routes and increase the frequency of flights on the Company’s existing routes. This aircraft is acquired under finance lease agreement for period of 12 years.

As at 27 May 2017, the Company had early terminated finance lease of 1 aircraft. As the result, the Company has lower interest payment and cash flow hedges of future interest payments.