

Thai AirAsia Company Limited
Review report and interim 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 Thai AirAsia Company Limited

I have reviewed the accompanying statement of financial position of Thai AirAsia Company Limited as at 31 March 2019, and the related 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 financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 10 May 2019

Thai AirAsia Company Limited

Statement of financial position

As at 31 March 2019

(Unit: Baht)

	Note	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Assets			
Current assets			
Cash and cash equivalents	4	4,137,337,760	4,036,975,843
Trade and other receivables	5	624,260,254	492,273,479
Amounts due from related parties	3	1,414,215,006	872,216,691
Inventories		210,216,986	188,318,274
Prepaid expenses		382,052,972	423,093,077
Other current assets		232,385,444	262,234,278
Total current assets		7,000,468,422	6,275,111,642
Non-current assets			
Long-term investment		11,134,900	11,134,900
Aircraft maintenance reserves	3	4,532,740,844	4,532,740,844
Property, aircraft, leasehold improvements and equipment	6	25,819,059,694	26,129,011,829
Intangible assets	7	24,518,112	26,990,643
Other non-current assets	3	958,506,213	942,903,352
Total non-current assets		31,345,959,763	31,642,781,568
Total assets		38,346,428,185	37,917,893,210

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

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 31 March 2019

(Unit: Baht)

	Note	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade payables		293,717,064	159,682,816
Other payables		343,406,602	392,713,357
Amounts due to related parties	3	501,095,786	699,189,680
Short-term borrowings from financial institutions	8	500,000,000	650,000,000
Current portion of long-term borrowings from financial institutions	9	213,818,404	213,772,250
Current portion of liabilities under finance lease agreements	11	1,309,924,610	1,300,075,453
Unearned income		4,603,707,949	4,986,934,947
Accrued expenses		2,674,442,249	2,560,887,266
Other current liabilities		58,222,942	57,188,709
Total current liabilities		10,498,335,606	11,020,444,478
Non-current liabilities			
Long-term borrowings from financial institutions - net of current portion	9	3,219,234,714	2,624,156,110
Debentures	10	4,095,528,029	4,095,126,167
Liabilities under finance lease agreements - net of current portion	11	11,464,912,612	11,919,246,970
Provision for long-term employee benefits		437,943,234	422,548,659
Deferred tax liabilities		83,023,566	58,303,226
Total non-current liabilities		19,300,642,155	19,119,381,132
Total liabilities		29,798,977,761	30,139,825,610

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

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 31 March 2019

(Unit: Baht)

	31 March 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
43,555,560 ordinary shares of Baht 10 each	435,555,600	435,555,600
Issued and fully paid up		
43,555,560 ordinary shares of Baht 10 each	435,555,600	435,555,600
Premium on ordinary shares	2,628,786,469	2,628,786,469
Retained earnings		
Appropriated - statutory reserve	43,555,560	43,555,560
Unappropriated	5,439,552,795	4,670,169,971
Total shareholders' equity	8,547,450,424	7,778,067,600
Total liabilities and shareholders' equity	38,346,428,185	37,917,893,210
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The accompanying notes are an integral part of the financial statements.

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Directors

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(Unaudited but reviewed)

Thai AirAsia Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Baht)

	Note	2019	2018
Profit or loss:			
Revenues			
Revenues from sales and services		11,155,313,246	11,254,300,029
Gain on exchange		138,827,272	77,502,890
Other income		327,911,178	311,011,386
Total revenues		<u>11,622,051,696</u>	<u>11,642,814,305</u>
Expenses			
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		454,691,760	388,678,756
Total expenses		<u>10,493,540,841</u>	<u>9,538,528,094</u>
Profit before finance cost and income tax expense		<u>1,128,510,855</u>	<u>2,104,286,211</u>
Finance cost		(191,809,758)	(170,945,791)
Profit before income tax expense		<u>936,701,097</u>	<u>1,933,340,420</u>
Income tax expense	12	(33,781,013)	(98,732,227)
Profit for the period		<u>902,920,084</u>	<u>1,834,608,193</u>
Other comprehensive income:			
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>902,920,084</u>	<u>1,834,608,193</u>
Earnings per share	13		
Basic earnings per share		<u>20.73</u>	<u>42.12</u>
Number of ordinary shares (share)		<u>43,555,560</u>	<u>43,555,560</u>

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Baht)

	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 1 January 2018	435,555,600	2,628,786,469	43,555,560	7,514,140,540	10,622,038,169
Profit for the period	-	-	-	1,834,608,193	1,834,608,193
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,834,608,193	1,834,608,193
Balance as at 31 March 2018	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>9,348,748,733</u>	<u>12,456,646,362</u>
Balance as at 1 January 2019 - as previously reported	435,555,600	2,628,786,469	43,555,560	4,670,169,971	7,778,067,600
Cumulative effect of change in accounting policy for revenue recognition (Note 2)	-	-	-	(133,537,260)	(133,537,260)
Balance as at 1 January 2019 - as restated	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>4,536,632,711</u>	<u>7,644,530,340</u>
Profit for the period	-	-	-	902,920,084	902,920,084
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	902,920,084	902,920,084
Balance as at 31 March 2019	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>43,555,560</u>	<u>5,439,552,795</u>	<u>8,547,450,424</u>

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement

For the three-month period ended 31 March 2019

	(Unit: Baht)	
	2019	2018
Cash flows from operating activities		
Profit before tax	936,701,097	1,933,340,420
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	430,360,540	402,100,875
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	1,475,752,924	2,462,219,736
Operating assets (increase) decrease		
Trade and other receivables	(132,003,888)	(62,680,400)
Amounts due from related parties	(541,611,227)	(179,636,922)
Inventories	(21,898,712)	(2,496,823)
Prepaid expenses	41,040,105	21,297,231
Other current assets	31,798,234	92,891,041
Other non-current assets	(15,602,861)	(7,213,037)
Operating liabilities increase (decrease)		
Trade payables	134,034,248	(33,012,843)
Other payables	(49,306,755)	(92,543,979)
Amounts due to related parties	(198,093,894)	209,388,028
Unearned income	(525,824,931)	(315,815,294)
Accrued expenses	85,089,571	(229,861,303)
Other current liabilities	1,034,233	5,420,515
Payment for long-term employee benefits	(9,501,650)	-
Cash flows from operating activities	274,905,397	1,867,955,950
Cash paid for income tax	(1,949,400)	(1,909,296)
Net cash flows from operating activities	272,955,997	1,866,046,654

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement (continued)

For the three-month period ended 31 March 2019

	(Unit: Baht)	
	2019	2018
Cash flows from investing activities		
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
Net cash flows used in investing activities	(113,476,325)	(250,529,707)
Cash flows from financing activities		
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)
Net cash flows used in financing activities	(39,848,271)	(648,286,471)
Net increase in cash and cash equivalents	119,631,401	967,230,476
Cash and cash equivalents at beginning of the period	4,036,975,843	5,210,622,777
Unrealised exchange loss on cash and cash equivalents	(19,269,484)	(206,279,326)
Cash and cash equivalents at end of the period (Note 4)	4,137,337,760	5,971,573,927
	-	-
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.

Thai AirAsia Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2019

1. General information

1.1 The Company's general information

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

1.2 Basis for preparation of interim financial statements

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

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

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

1.3 New financial reporting standards

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

During the period, the Company has 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 financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 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.

The Company adopted TFRS 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
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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 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 is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 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 1.3, during the current period, the Company 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)

Impact on retained earnings as at 1 January 2019

Processing and change of air ticket fees	143
Related tax	(9)
Total	134

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)

	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Current assets	7,000	-	7,000
Non-current assets	31,346	-	31,346
Total assets	38,346	-	38,346
Liabilities			
Current liabilities			
- Unearned income	4,468	136	4,604
- Others	5,894	-	5,894
Non-current liabilities			
- Deferred tax liabilities	92	(9)	83
- Others	19,218	-	19,218
Total liabilities	29,672	127	29,799
Shareholders' equity			
Retained earnings	5,572	(133)	5,439
Others	3,108	-	3,108
Total shareholders' equity	8,680	(133)	8,547
Total liabilities and shareholders' equity	38,352	(6)	38,346

(Unaudited but reviewed)

(Unit: Million Baht)

	Previous accounting policy	Increase	TFRS 15
Statement of comprehensive income			
Profit or loss			
Revenues from sales and services	11,149	6	11,155
Income tax expense	(34)	-	(34)
Others	(10,218)	-	(10,218)
Profit for the period	897	6	903
Earnings per share (Baht)			
Basic earnings per share	20.59	0.14	20.73

The adjustment is for processing and change of air ticket fees of the scheduled flight operation segment. The Company 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 had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March	
	2019	2018
Transactions with the parent company		
Management expenses	6	13
Transactions with related companies		
Engineering service income	30	-
Ground handling service income	10	7
Interest income from default receivables	1	-
Other administrative income	9	8
Commission from loyalty program to customers	27	25
Share of (gain) loss from fuel price swap agreements	76	(89)
Allocated staff cost for accounting and other service expenses	22	19
Aircraft and aircraft engines rental	555	992
Aircraft repair and maintenance	572	518
Purchases of merchandises and equipment	5	15
Management expenses	4	4

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month
periods ended 31 March

	2019	2018
Booking fee expenses	44	47
Brand license fee expenses	170	171
Ground handling service expenses	17	15
Marketing fund expenses	56	38
Security expenses	4	3
Conference room and other service expenses	1	1

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

(Unit: Baht)

	31 March 2019	31 December 2018
Receivables - related parties		
Related companies (common shareholders and/or directors)	1,414,215,006	872,216,691
Total	<u>1,414,215,006</u>	<u>872,216,691</u>
Aircraft maintenance reserves - related party		
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>
Other non-current assets - related parties		
<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>
Payables - related parties		
Related companies (common shareholders and/or directors)	501,095,786	699,189,680
Total	<u>501,095,786</u>	<u>699,189,680</u>

Directors and management's benefits

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

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2019	2018
Short-term employee benefits	57,176,116	53,356,653
Post-employment benefits	4,313,637	1,797,537
Total	<u>61,489,753</u>	<u>55,154,190</u>

4. Cash and cash equivalents

	(Unit: Baht)	
	31 March 2019	31 December 2018
Cash	23,180,467	32,307,459
Bank deposits	3,730,657,293	3,393,668,384
Bank deposit held for short-term payment	383,500,000	611,000,000
Total	<u>4,137,337,760</u>	<u>4,036,975,843</u>

5. Trade and other receivables

	(Unit: Baht)	
	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	1,528,290	1,561,695
Others	39,615,989	42,908,443
Total other receivables	<u>46,095,949</u>	<u>49,534,027</u>
Total trade and other receivables	<u>624,260,254</u>	<u>492,273,479</u>

6. 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)
Net book value as at 1 January 2019	26,129,011,829
Acquisitions - at cost	118,219,147
Disposals - net book value as at disposed date	(282,855)
Depreciation	<u>(427,888,427)</u>
Net book value as at 31 March 2019	<u><u>25,819,059,694</u></u>

As at 31 March 2019, the Company 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 Company has pledged its land and building constructed thereon and aircraft with net book values amounting to approximately Baht 3,434 million (31 December 2018: aircraft with net book value amounting to approximately Baht 2,808 million) as collateral against credit facilities received from financial institutions.

7. Intangible assets

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

	(Unit: Baht)
Net book value as at 1 January 2019	26,990,643
Write-off - net book value as at written-off date	(418)
Amortisation	<u>(2,472,113)</u>
Net book value as at 31 March 2019	<u><u>24,518,112</u></u>

8. 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).

9. Long-term borrowings from financial institutions

	(Unit: Baht)	
	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	<u>213,818,404</u>	<u>213,772,250</u>
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)
Long-term borrowings - net of current portion	<u>3,219,234,714</u>	<u>2,624,156,110</u>
Total long-term borrowings from financial institutions	<u><u>3,433,053,118</u></u>	<u><u>2,837,928,360</u></u>

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

	(Unit: Baht)
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	<u>(53,670,563)</u>
Balance as at 31 March 2019	<u><u>3,433,053,118</u></u>

The long-term borrowings are secured by the mortgage of the Company's land and building constructed thereon and the pledge of the Company's aircraft as described in Note 6.

Long-term loan agreement during the period

On 28 February 2019, the Company 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.

10. Debentures

	(Unit: Baht)	
	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)
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>

11. Liabilities under finance lease agreements

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

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

(Unit: Baht)

	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)

	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>

12. 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)

	For three-month periods ended 31 March	
	2019	2018
Current income tax:		
Interim corporate income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>33,781,013</u>	<u>98,732,227</u>
Income tax expense reported in the statement of comprehensive income	<u>33,781,013</u>	<u>98,732,227</u>

13. 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.

14. Segment information

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

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

	(Unit: Baht)		
	Scheduled flight operations	Charter flight operations	Total segments
For three-month period ended 31 March 2019			
Revenues			
Revenues from sales and services	10,905,798,803	249,514,443	11,155,313,246
Total revenues	10,905,798,803	249,514,443	11,155,313,246
Operating result			
Segment profit	625,809,071	35,963,334	661,772,405
Gain on exchange			138,827,272
Other income			327,911,178
Finance cost			(191,809,758)
Profit before income tax expense			936,701,097
Income tax expense			(33,781,013)
Profit for the period			902,920,084

	(Unit: Baht)		
	Scheduled flight operations	Charter flight operations	Total segments
For three-month period ended 31 March 2018			
Revenues			
Revenues from sales and services	10,900,904,010	353,396,019	11,254,300,029
Total revenues	10,900,904,010	353,396,019	11,254,300,029
Operating result			
Segment profit	1,594,998,343	120,773,592	1,715,771,935
Gain on exchange			77,502,890
Other income			311,011,386
Finance cost			(170,945,791)
Profit before income tax expense			1,933,340,420
Income tax expense			(98,732,227)
Profit for the period			1,834,608,193

15. Commitments and contingent liabilities**15.1 Operating aircraft lease commitments**

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

(Unit: USD)

	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	-
Total	<u>803,254,315</u>	<u>836,300</u>	<u>844,549,986</u>	<u>2,186,958</u>
Total equivalent to Thai Baht	<u>25,686,868,112</u>	<u>26,743,620</u>	<u>27,544,828,874</u>	<u>71,327,213</u>

15.2 Aircraft maintenance service commitments

The Company has commitments under aircraft maintenance service agreements made with AirAsia Berhad and AirAsia (Mauritius) Limited, which are related companies, and other aircraft lessors. The Company 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.

15.3 Operating lease commitments

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

(Unit: Baht)

	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
Total	<u>526,903,882</u>	<u>598,922,729</u>

15.4 Building construction commitments

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

15.5 Guarantees

- 1) As at 31 March 2019, the Company 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 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.

(Unit: Million)

	31 March 2019					31 December 2018				
	Baht	USD	SGD	INR	Others	Baht	USD	SGD	INR	Others
					(equivalent to Thai Baht)					(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
Total	7.90	43.12	1.81	119.22	14.80	9.40	50.92	1.81	81.82	15.03
Total equivalent to Thai Baht	7.90	1,378.69	43.06	58.12	14.80	9.40	1,660.75	43.49	40.53	15.03

16. Fair value hierarchy

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

(Unit: Baht)

	31 March 2019		31 December 2018	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Asset disclosed at fair value				
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

(Unaudited but reviewed)

(Unit: Baht)

	31 March 2019		31 December 2018	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Liabilities disclosed at fair value				
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.

17. 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 Company has additional long-term employee benefit liabilities of Baht 111 million as a result. The Company 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.

18. Approval of interim financial statements

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