



**BIG
SALE**



ANNUAL REPORT 2017

รายงานประจำปี 2560

ข้อมูลทั่วไปและข้อมูลสำคัญอื่น

ข้อมูลทั่วไปของบริษัท

ชื่อบริษัท	บริษัท เอเชีย เอวิเอชั่น จำกัด (มหาชน) (ชื่อย่อ “AAV”)
ประเภทธุรกิจ	ประกอบธุรกิจด้านการลงทุนโดยการถือหุ้นในบริษัท (Holding Company) ที่ประกอบธุรกิจสายการบิน ราคาประหยัด หรือธุรกิจอื่นที่เกี่ยวข้องกับสายการบิน
คะแนนการกำกับดูแลกิจการ	ดีมาก
ที่ตั้งสำนักงานใหญ่	222 ท่าอากาศยานดอนเมือง อาคารส่วนกลางชั้น 3 ห้องหมายเลข 3200 ถนนวิภาวดีรังสิต แขวงสนามบิน เขตดอนเมือง กรุงเทพฯ 10210 โทรศัพท์: 02-562-5700 โทรสาร: 02-562-5705
เว็บไซต์	www.aavplc.com
เลขทะเบียนบริษัท	0107554000313
ทุนจดทะเบียนและ ทุนที่ออกและชำระแล้ว ณ วันที่ 31 ธันวาคม 2560	หุ้นสามัญจำนวน 4,850,000,000 หุ้น มูลค่าที่ตราไว้หุ้นละ 0.10 บาท รวมมูลค่า 485,000,000 บาท

บริษัทย่อย

ชื่อบริษัทย่อย	บริษัท ไทยแอร์เอเชีย จำกัด
ประเภทธุรกิจ	ประกอบธุรกิจสายการบินราคาประหยัด หรือธุรกิจอื่นที่เกี่ยวข้องกับสายการบิน
ที่ตั้งสำนักงานใหญ่	222 ท่าอากาศยานดอนเมือง อาคารส่วนกลางชั้น 3 ห้องหมายเลข 3200 ถนนวิภาวดีรังสิต แขวงสนามบิน เขตดอนเมือง กรุงเทพฯ 10210 โทรศัพท์: 02-562-5700 โทรสาร: 02-562-5705
ทุนจดทะเบียนและ ทุนที่ออกและชำระแล้ว ณ วันที่ 31 ธันวาคม 2560	หุ้นสามัญจำนวน 43,555,560 หุ้น มูลค่าที่ตราไว้หุ้นละ 10 บาท รวมมูลค่า 435,555,600 บาท
สัดส่วนการถือหุ้น	55.0%

ข้อมูลของบุคคลอ้างอิง

นายทะเบียนหลักทรัย์
บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด
อาคารตลาดหลักทรัพย์แห่งประเทศไทย
93 ถนนรัชดาภิเษก เขตดินแดง กรุงเทพฯ 10400
โทรศัพท์: 02-009-9999
โทรสาร: 02-009-9991
เว็บไซต์: www.tsd.co.th

ผู้สอบบัญชี

บริษัท โพรวิชั่นเซอร์วิสเซส เอชเอส เอชเอส จำกัด
ชั้น 15 บางกอกซิตีทาวเวอร์ 179/74-80 ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร
กรุงเทพฯ 10120
โทรศัพท์: 02-844-1000
โทรสาร: 02-286-5050
เว็บไซต์: www.pwc.com/th

อนึ่ง ผู้ลงทุนสามารถศึกษาข้อมูลของบริษัทที่ออกหลักทรัพย์เพิ่มเติมได้จากแบบแสดงรายการ ข้อมูลประจำปี (แบบ 56-1) ของบริษัทที่แสดงไว้ใน www.sec.or.th หรือ “www.aavplc.com”

General Information

General Information

Company Name	Asia Aviation Public Company Limited (AAV)
Type of Business	A holding company investing in business of low-fares airline or relevant business in relation to airline operation
Corporate Governance Scoring	Very Good
Head Office	222, Don Mueang International Airport, 3 rd Fl., Central Office Bldg., Room no. 3200, Vibhavadee Rangsit Road, Sanambin, Don Mueang, Bangkok 10210 Tel: 02-562-5700 Fax: 02-562-5705
Website	www.aavplc.com
Registration Number	0107554000313
Authorised and Paid-up Capital as at December 31, 2017	Common stock of 4,850,000,000 shares at the par value of Baht 0.10 amounted Baht 485,000,000

Subsidiary

Subsidiary Name	Thai AirAsia Company Limited
Type of Business	A low-fares airline or relevant business in relation to airline operation
Head Office	222, Don Mueang International Airport, 3 rd Fl., Central Office Bldg., Room no. 3200, Vibhavadee Rangsit Road, Sanambin, Don Mueang, Bangkok 10210 Tel: 02-562-5700 Fax: 02-562-5705
Authorised and Paid-up Capital as at December 31, 2017	Common stock of 43,555,560 shares at the par value of Baht 10 amounted Baht 435,555,600
Shareholding	55.0%

Other References

Registrar
Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building,
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Tel: 02-009-9999
Fax: 02-009-9991
Website: www.tsd.co.th

Auditor

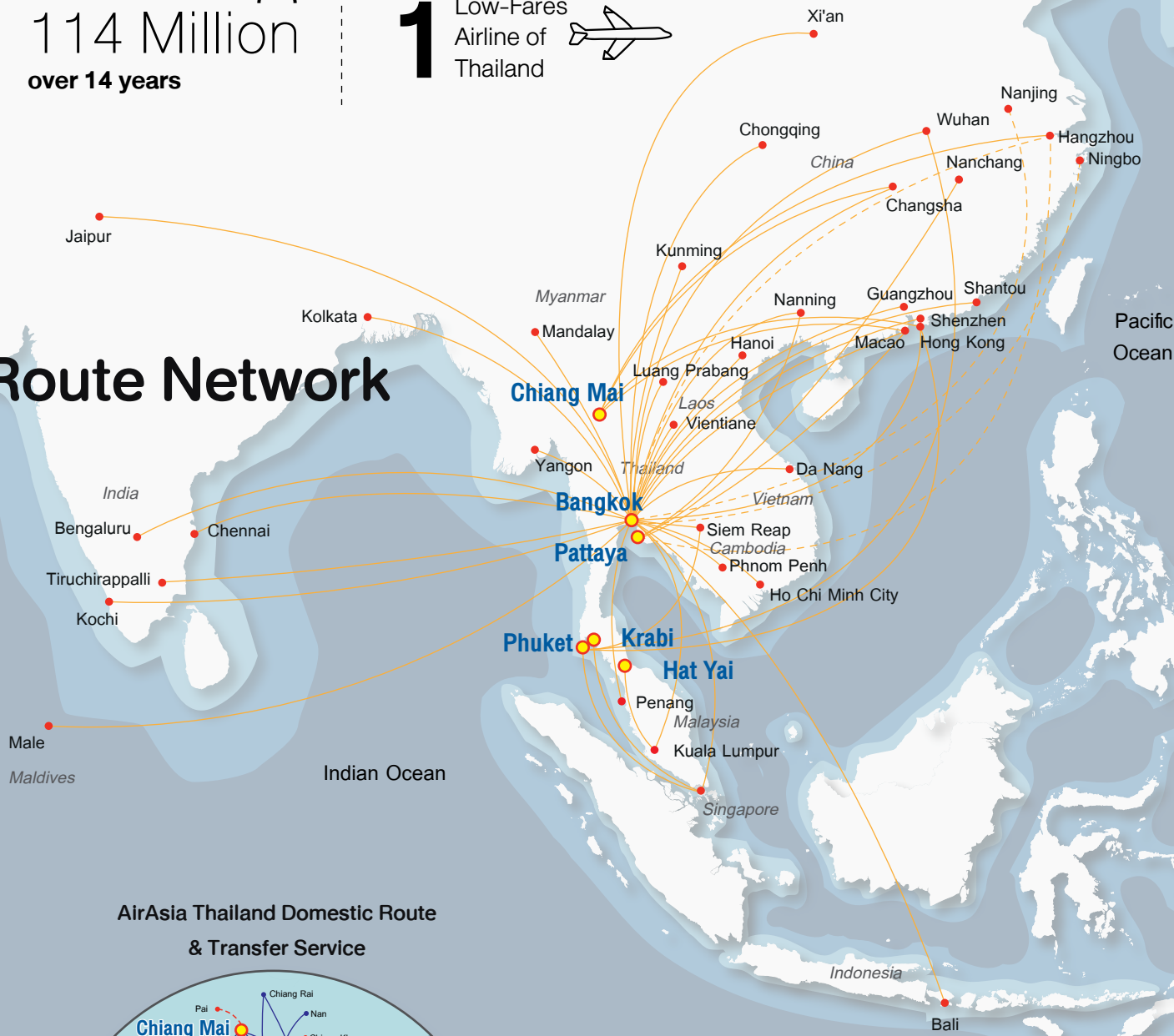
PricewaterhouseCoopers ABAS Ltd.
15th Floor, Bangkok City Tower 179/74-80 South Sathorn Road
Bangkok, 10120
Tel: 02-844-1000
Fax: 02-286-5050
Website: www.pwc.com/th

Investors can study more information from the company's annual registration statement (Form 56-1) from www.sec.or.th or www.aavplc.com

Passengers Carried 
114 Million
 over 14 years

No. **1** Low-Fares Airline of Thailand 

Route Network



AirAsia Thailand Domestic Route & Transfer Service



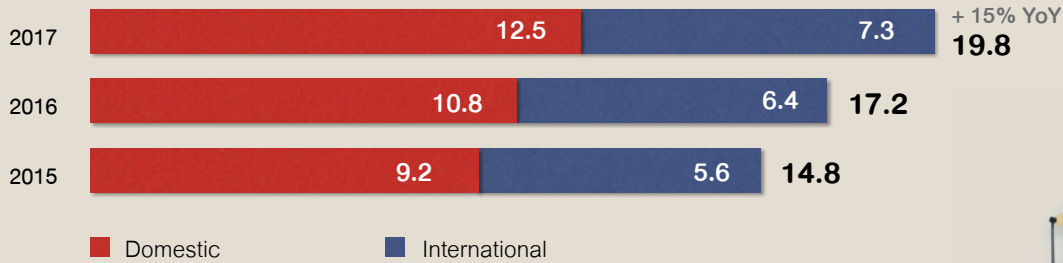
Thai AirAsia Hub in Thailand

-  Don Mueang International Airport
-  Phuket International Airport
-  Chiang Mai International Airport
-  Krabi International Airport
-  U-Tapao International Airport
-  Hat Yai International Airport
-  International Route
-  Domestic Route
-  City Transfer
-  Island Transfer

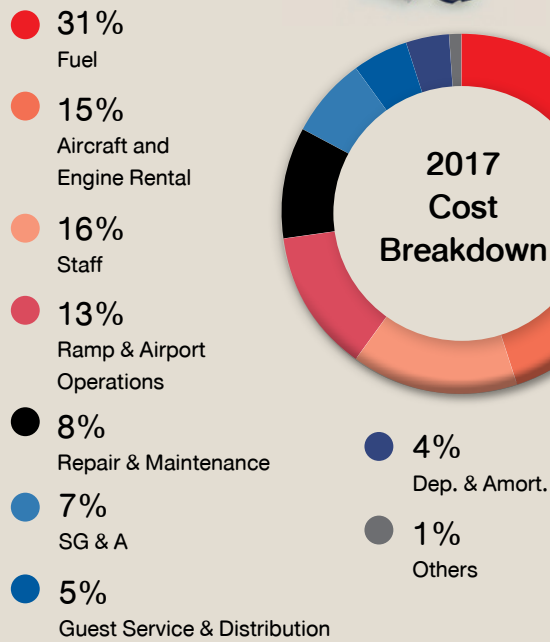
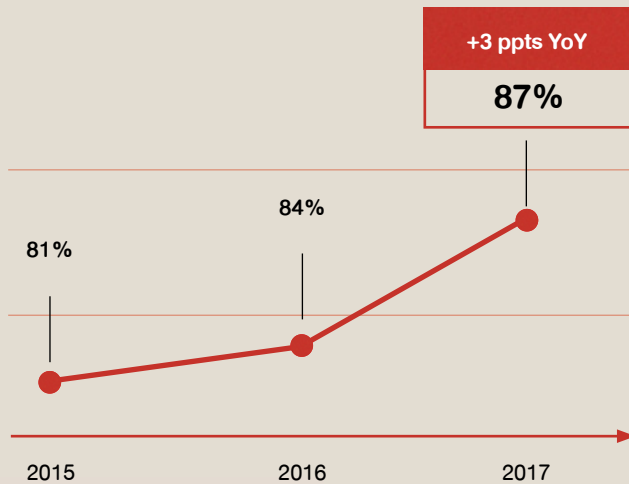
Key Financial and Operating Data

Passengers Carried

Unit : Million



Load Factor



Stock Information

Asia Aviation Public Company Limited

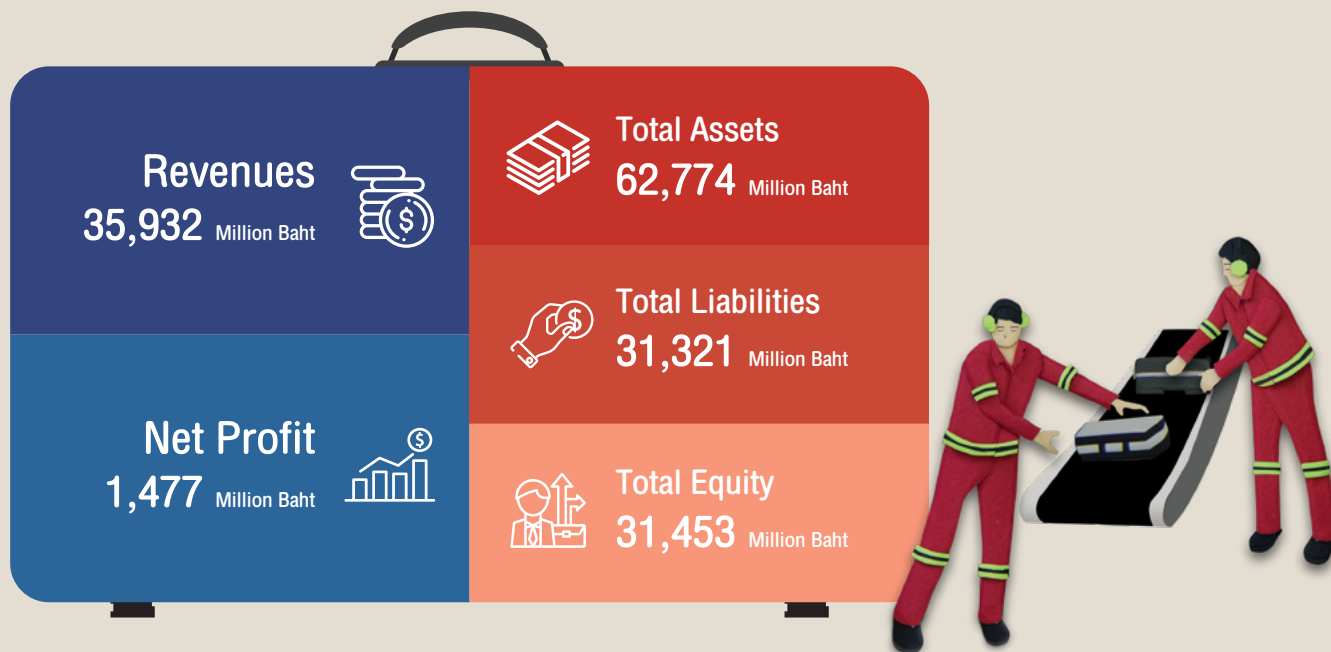
6.15

As of December 29, 2017

5.85 – 6.85

52 weeks' range





Financial Highlights

Unit : Million Baht

For the year ended 31 December	2015	2016	2017
Statement of Comprehensive Income			
Revenues from sales and services	29,507	32,401	35,932
Net profit	1,958	3,398	2,685
Net profit attributable to owners of the parent	1,078	1,869	1,477
Statement of Financial Position			
Total assets	52,826	56,599	62,774
Total liabilities	24,743	26,479	31,321
Equity attributable to owners of the parent	20,142	21,270	22,006
Total equity	28,083	30,120	31,453
Statement of Cash Flows			
Net cash generated from (used in) operating activities	4,074	4,382	5,133
Net cash generated from (used in) investing activities	(184)	(2,786)	(2,847)
Net cash generated from (used in) financing activities	(2,529)	(3,098)	(1,563)
Net increase (decrease) in cash and cash equivalents	1,361	(1,502)	723
Key Financial Ratios			
Net profit margin (%) ⁽¹⁾	3.7	5.8	4.1
Return on assets (%) ⁽²⁾	2.1	3.4	2.5
Return on equity (%) ⁽³⁾	5.4	9.0	6.8
Basic earnings per share (Baht)	0.2224	0.3855	0.3046

Remark

(1) Net profit margin = Net profit attributable to owners of the parent / Revenues from sales and services

(2) Return on assets = Net profit attributable to owners of the parent / Total assets (Average)

(3) Return on equity = Net profit attributable to owners of the parent / Equity attributable to owners of the parent (Average)

Operating Data

For the year ended 31 December	2015	2016	2017
Capacity (million seats)	18.2	20.5	22.7
Passengers carried (million)	14.8	17.2	19.8
Load factor (%) ⁽¹⁾	81	84	87
ASK (million) ⁽²⁾	18,116	20,629	22,379
RPK (million) ⁽³⁾	14,872	17,285	19,523
Average fare (Baht) ⁽⁴⁾	1,667	1,565	1,500
Revenue per ASK (Baht) ⁽⁵⁾	1.63	1.57	1.61
Cost per ASK (Baht) ⁽⁶⁾	1.53	1.42	1.52
Cost per ASK (non-fuel) (Baht) ⁽⁷⁾	0.98	1.02	1.05
Number of aircraft at period end	45	51	56
Number of stages flown	101,231	113,776	126,083
International	38,753	43,782	47,865
Domestic	62,478	69,994	78,218
Average stage length (kilometre) ⁽⁸⁾	995	1,007	986
Aircraft utilisation (block hours per day) ⁽⁹⁾	11.5	11.7	11.9
Ancillary revenue (Baht in millions)	4,852	5,556	6,315
Ancillary revenue per passenger (Baht)	327	323	319
Fuel consumption (million barrel)	3.31	3.86	4.21
Company's average market jet fuel price (USD per barrel) ⁽¹⁰⁾	67.5	51.5	64.4
On time performance (%) ⁽¹¹⁾	87	85	83

Remark

- (1) Represents the number of passengers carried as a proportion to capacity, which is the number of seats available for passengers
- (2) Available seat kilometres, which is the total number of seats available on all flights multiplied by the number of kilometres these seats were flown
- (3) Revenue passenger kilometres, which is the number of paying passengers carried on all flights multiplied by the number of kilometres these seats were flown
- (4) Calculated as Thai AirAsia's total passenger revenues and fuel surcharge divided by total number of passengers carried
- (5) Calculated as Thai AirAsia's revenues divided by ASK
- (6) Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) divided by ASK
- (7) Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) less fuel costs divided by ASK
- (8) Represents the average number of kilometres flown per flight
- (9) Represents the average block hours per day per aircraft during the relevant period. Block hours is calculated by measuring the duration between the time of departure of an aircraft and the time of arrival at its destination.
- (10) Calculated as average fuel price of Jet kerosene for the period (MOPS price)
- (11) A flight is deemed "on time" if the actual departure time is no more than 15 minutes of the scheduled departure time.

Award Winning Product



SKYTRAX

WORLD'S BEST LOW-COST AIRLINE
AWARD FOR 9 YEARS RUNNING



WORLD TRAVEL AWARDS 2017

WORLD'S LEADING
LOW-COST AIRLINE

WORLD'S LEADING
LOW-COST AIRLINE
CABIN CREW



TTG TRAVEL AWARDS 2017

BEST ASIAN
LOW-COST CARRIER



TRAVEL ASIA AWARDS 2017

ASIA'S TOP BUDGET
AIRLINES



THAILAND ZOCIAL AWARDS 2017

BEST BRAND
PERFORMANCE AWARDS



HOWE AWARDS 2017

HOWE SMART GROWTH
BUSINESS AWARD



FRIENDLY-DESIGN CERTIFICATE

PRIVATE TRANSPORTATION
SERVICE PROVIDER

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HAWA MAHAL Jaipur (India)
ฮาวา มาฮาล ฆัยปุระ (อินเดีย)

ASIA AVIATION 
Public Company Limited



ANGKOR WAT Siem Reap (Cambodia)
แองkor วัต เสียมเราย (กัมพูชา)

ASIA AVIATION 
Public Company Limited



WAT ARUN Bangkok (Thailand)
วัดอรุณราชวราราม กรุงเทพฯ (ไทย)

ASIA AVIATION 
Public Company Limited



TERACOTTA ARMY Xian (China)
สุสานจิ๋นซีฮ่องเต้ ซีอาน (จีน)

ASIA AVIATION 
Public Company Limited



PHI PHI ISLANDS Krabi (Thailand)
หมู่เกาะพีพี กระบี่ (ไทย)

ASIA AVIATION
Public Company Limited 



DOI INTANON Chiang Mai (Thailand)
ดอยอินทนนท์ เชียงใหม่ (ไทย)

ASIA AVIATION
Public Company Limited 



MALDIVES Male (Maldives)
มัลดีฟส์ มาเล (มัลดีฟส์)

ASIA AVIATION
Public Company Limited 



RED SAND DUNES Muine (Vietnam)
ทะเลทรายแดง มุยเน่ (เวียดนาม)

ASIA AVIATION
Public Company Limited 



Time never waits

We never cease to introduce innovative technology to enhance the convenient and seamless travel experience.





Landing you with care

AirAsia Allstars have been well-trained to ensure a safe journey, operating brand new A320 neo aircraft which is energy-saving and eco-friendly.

Message from the Chairman of the Board



“I am proud that Thai AirAsia has a corporate culture spanning its executives and staff that welcomes self-improvement.”

Mr. Arak Chonlatanon
Chairman of the Board

Over the 14 years, Thai AirAsia has been robustly growing. There has been one driver that has remained clear to me, that is that we are an organisation always ready to improve and to adapt, which is why regardless of the tests and challenges put before us, we have always been able to grow and achieve satisfactory results.

Our policies and strategies in 2017 saw us more closely matched with Thailand's public policies and supported mutual growth. We responded to the government's economic policy on dispersing tourism revenue to the community level by developing our domestic network to feature more regional connections and opportunities for travel to secondary cities while also working with the Tourism Authority of Thailand from the planning stage through to penetrating a wider variety of travellers with activities such as the "Weekday Getaway" and campaigns addressing travellers of different age groups. With our airline being a leader in the industry, these missions provided an interesting opportunity and helped hone us towards addressing even more challenges.

In the international market in 2017, our plan was to extend our network for greater coverage and a wider variety of markets. While we have seen strong growth in our Chinese routes, we must continue to strengthen them while adding new alternatives in markets such as India, with its high population, and CLMV, which has great growth potential in terms of both trade and tourism. I believe we have been effective so far in adding routes from Bangkok and our other flight bases in the regions as well as in increasing flight frequencies. We have also been very successful in maintaining both prices and load factors.

In conclusion, I see the greatest challenge available in the aviation industry at present as being competing with oneself, which is why I am proud that Thai AirAsia has a corporate culture spanning its executives and staff that welcomes self-improvement. I sincerely thank all of you for your dedication through the years and for sharing in our vision.



Message from the Chief Executive Officer

What's most important for a low-fare airlines is "efficient capital management," which is what all of our staff have adhered to and is what has become Thai AirAsia's driving force through each of its years.

In the year 2017, we affirmed our leadership in the aviation business which allowed us to be proud when saying that we are more than just a low-fares airline but an airline of "Truly Low Fares, Trusted Quality" that boasts on-time service, close attention to safety and a never-ending supply of new opportunities borne from a varied network of destinations. We launched 8 new routes both international and domestic this past year, many in markets with few competitors where in over the next 2-3 years we can become serious players and use our six flight bases across the country to reach out to secondary cities in line with the country's economic development policy, contributing support to the Kingdom's goals.

In terms of planning for future growth, our policy has become one of utilising innovation to reduce capital costs. Towards this, we acquired ever more Airbus A320 neo energy-saving airplanes, introduced Self Check-in via our website, mobile app and kiosks and even established "Self Baggage Checking" through the use of Self Baggage Drop machines now available at Don Mueang, Chiang Mai and Phuket airports, and that are poised to be rolled out at even more airports in the future.

This year, AirAsia served 19.8 million passengers with a Load Factor of 87 percent, higher than the target we originally set and up 3 percentage points compared to 2016. AirAsia was voted World's Best Low Cost Airline on the Skytrax ranking for the ninth year in a row this year, and was awarded World's Leading Low Cost Airline for a fifth year along with World's Leading Cabin Crew for the first time at the World Travel Awards Grand Final, underlining the global standard we maintain.

Lastly, I would like to remark about another point of pride for us this year, which was our signing of a development agreement with the United Nations Development Programme (UNDP), which established us as an organisation ready to support sustainable growth and as one driven by social and environmental as well as economic considerations. The agreement affirms our overarching care for our shareholders, staff and all other sectors and is a reflection that we are maturing. As both this airline's majority stockholder and the Chief Executive Officer, allow me to assure all that Thai AirAsia will continue to work as hard as we always have and that we will continue to grow with the grace in years ahead.

" I would like to remark about another point of pride for us this year, which was our signing of a development agreement with the United Nations Development Programme (UNDP), which established us as an organisation ready to support sustainable growth and as one driven by social and environmental as well as economic considerations. "



A stylized, handwritten signature in black ink, appearing to read 'Tassapon'.

Mr. Tassapon Bijleveld
Chief Executive Officer



Board of Directors

Asia Aviation Public Company Limited

From left to right

- Mr. Arak Chonlatanon Chairman / Chairman of the Audit Committee / Nomination and Remuneration Committee
- Mr. Nuttawut Phowborom Director / Audit Committee/ Chairman of Nomination and Remuneration Committee
- Mr. Kasemsit Pathomsak Director / Audit Committee/ Nomination and Remuneration Committee
- Mr. Tassapon Bijleveld Director • Gp. Capt. Tanapat Ngamplang Director
- Mr. Preechaya Rasametnin Director • M.L. Bovornovadep Devakula Director
- Mr. Santisuk Klongchaiya Director • Mr. Phairat Pornpathananangoon Director

Management Team

Asia Aviation Public Company Limited



Mr. Santhat Sanguandikul
Chief Financial Officer

Mr. Tassapon Bijleveld
Chief Executive Officer

Mr. Preechaya Rasametanin
Director of Engineering

M.L. Bovornovadep Devakula
Director of Business Development

Mr. Santisuk Klongchaiya
Director of Commercial



Board of Directors

Thai AirAsia Company Limited

From left to right

- Mr. Arak Chonlatanon Chairman / Chairman of the Audit Committee
- Mr. Nuttawut Phowborom Director / Audit Committee • Mr. Phairat Pornpathananagoon Director
- Mr. Tassapon Bijleveld Director • Mr. Santisuk Klongchaiya Director
- Tan Sri Dr. Anthony Francis Fernandes Director • Datuk Kamarudin Bin Meranun Director
- Dato' Mohamed Khadar Bin Merican Director • Mrs. Pattra Boosarawongse Director

Management Team

Thai AirAsia Company Limited



From left to right

- Mr. Tassapon Bijleveld Chief Executive Officer • Mr. Preechaya Rasametanin Executive Vice President
- Mr. Santhat Sanguandikul Chief Financial Officer • M.L. Bovornovadep Devakula Head of Business Development
- Mr. Santisuk Klongchaiya Head of Commercial and Ancillary • Gp. Capt. Surapun Patoomwat Head of Flight Operations

From left to right

- Mr. Banyat Hansakul Head of Engineering • Mrs. Thiladee Pantumchinda Head of People Department
- Mr. Suwit Srisarakam Head of Ramp and Ground Service Equipment • Miss Witchunee Kuntapeng Head of Guest Service
- Mr. Pipat Khunprakan Head of Innovation Commercial and Technology • Mr. Thatri Kwansang Head of Safety

Public Relations Activities 2017



Thai AirAsia passes ICAO evaluation

Thai AirAsia was Thailand's first low-fares airline to have passed evaluation by the Civil Aviation Authority Thailand (CAAT) and received AOC Re-Certification according to ICAO standards, affirming its own high-level standards, boosting corporate confidence and enhancing the positive image of the entire Thai aviation industry.



AirAsia Joins Hands with UNDP Heralding Commitment for Sustainable Development

The projects promote community, social and environmental development in accordance with the United Nation's Sustainable Development Goals (SDGs), which provide a framework for development and social resolution at the global level.



"Bangkok-Ranong" Daily Service Launched

This new route entices travellers to experience Thailand's 'City of Onsen' by the Andaman Sea, which also serves as a jump off point to Myanmar's oceanic gems. The launch responded to government policy to stimulate domestic and international travels to Ranong to boost its economy.



"AirAsia Red Carpet"

AirAsia's newest service appeals to travellers with an appreciation for comfort and convenience by offering them a special check-in counter, pre-flight snacks and drinks at the airport lounge, priority boarding and priority baggage claim.



"Bangkok-Danang" Launched

Strengthening its CLMV (Cambodia, Lao, Myanmar, Vietnam) network, AirAsia's addition of Bangkok-Danang made it the first and only low-fares airline to offer flights to Vietnam's northern, central and southern regions, advancing to become the airline with the most connections within the CLMV countries.



Now Everyone Can Fly "Bangkok-Maldives"

AirAsia launched daily direct flights to the Maldives, bringing low-fare travel to the famed blue waters of the archipelago, a dream destination of many travellers.

World's Best Low Cost Airline by Skytrax for the 9th Year in a Row!

AirAsia bagged “World’s Best Low Cost Airline” and “Best Low Cost Airline in Asia” awards from Skytrax. In addition, AirAsia was also honoured as the World’s Leading Low Cost Airline for the 5th year in a row and received the World’s Leading Cabin Crew award at the Grand Final Awards 2017 World Travel Awards (WTA).



“Truly Low Fares, Trusted Quality” Flea Market

An open space for students to showcase their creative ideas, featuring exhibition on community tourism development, while promoting cross-regional flights, aimed at engaging university students, faculty members and visitors. The markets took place at Chiang Mai University and Prince of Songkla University’s Hat Yai campus.



AirAsia Signs on to Employ more People with Disabilities

AirAsia and Friendly Design foundation signed an agreement to employ individuals with disabilities in line with section 35 of the Persons with Disabilities Empowerment Act of 2007, appointing them as the universal design ambassadors at the provinces that Thai AirAsia serves.



Asean Travel Journo Camp

AirAsia joined with the Thai Journalists Association to mark ASEAN’s 50th anniversary, bringing together press members from 9 Asean countries to learn about the different cultures and lifestyles presented throughout Thailand with a highlight on community-based tourism.



New Airbus A320s

Thai AirAsia received 5 new Airbus A320 aircraft in 2017, bringing its total fleet to 56. The number of fleet shows increasing proportion of the more energy-saving Airbus A320 neo. The consistent addition of aircraft has been in line with further launches of domestic and international routes in response to growing demand from passengers across the region.

Investor Relations Activities 2017

01
2017

January 06, 2017

DBS PULSE OF ASIA CONFERENCE IN SINGAPORE
At Fullerton Hotel, Singapore



January 17, 2017

SET THAI CORPORATE
DAY 2017 - POTENTIAL
BIG CAPS WITH GOOD
CORPORATE
GOVERNANCE
At JW Marriot Hotel,
Bangkok



02
2017

February 10, 2017

J.P. MORGAN'S THAILAND CEO-CFO CONFERENCE
- BANGKOK At Grand Hyatt Erawan Bangkok

February 23, 2017

THE YEAR END 2016 RESULTS ANNOUNCEMENT

February 28, 2017

RESULTS BRIEFING FY2016

At Grand Hyatt Erawan Bangkok

04
2017

April 10-14, 2017

NON-DEAL ROADSHOW
WITH MAYBANK In London
and Edinburgh
At the United Kingdom

April 25, 2017

ANNUAL GENERAL MEETING
OF SHAREHOLDERS
At Amari Hotel Don Mueang
Bangkok

05
2017

May 08, 2017

THE Q1/2017 RESULTS ANNOUNCEMENT

May 09, 2017

RESULTS BRIEFING Q1/2017

At Grand Hyatt Erawan Bangkok

May 15, 2017

DBACCESS ASIA CONFERENCE IN SINGAPORE
At Marina Bay Sands, Singapore



06
2017

June 02, 2017
SITE VISIT WITH GOLDMAN SACHS
At U-Tapao International Airport

07
2017

July 04, 2017
SITE VISIT WITH LOCAL
INSTITUTION INVESTORS
At U-Tapao International
Airport

08
2017

August 09, 2017
THE Q2/2017 RESULTS ANNOUNCEMENT

August 11, 2017
RESULTS BRIEFING Q2/2017
At Grand Hyatt Erawan Bangkok

August 30, 2017
THAILAND FOCUS 2017
At Anantara Siam Bangkok Hotel

09
2017

September 04, 2017
LOCAL NON-DEAL ROADSHOW WITH MAYBANK
At Bangkok

September 14, 2017
CLSA INVESTOR FORUM 2017 At Grand Hyatt,
Hong Kong



10
2017

October 05, 2017
ONE AIRASIA'S GLOBAL
INVESTOR DAY At RedQ
Head Office, Malaysia

11
2017

November 09, 2017
THE Q3/2017 RESULTS ANNOUNCEMENT

November 13, 2017
RESULTS BRIEFING Q3/2017
At Grand Hyatt Erawan Bangkok

November 15, 2017
YUANTA CORPORATE DAY
At Yuanta Securities Bangkok



Company Policy and Business Overview



VISION

Thai AirAsia to become leading low-fares airline in the region. Providing to guest lower fares, quality service, safety and reliability.

BUSINESS OVERVIEW

As Asia Aviation Public Company Limited (“Asia Aviation” or “Company”) is a holding company who currently makes an investment only in Thai AirAsia, the business overview, thus, shall be deemed at the operating company Thai AirAsia.

Thai AirAsia is the leading Thai low-fares airline with the vision of being the leading low-fares airline in the region. Providing to guest lower fares, quality service, safety and reliability we serve without compromising our level of service. Besides, we have mission to operate cost efficiency in order to revolutionise air travel and open up opportunity that “**Now Everyone Can Fly**”. Thai AirAsia focuses on providing high-frequency service on short-haul, point-to-point international and domestic routes within the four-hour flight time from our hubs in Bangkok (Don Mueang International Airport), Phuket, Chiang Mai, Krabi, Pattaya (U-Tapao International Airport) and Hat Yai. This gives us access



MISSION

We are Thailand’s first true low-fares airline which operates with cost efficiency in order to revolutionise air travel and open up opportunity that “**Now Everyone Can Fly**”. We are a group of young, dynamic and energetic team, open and candid, fast and first to all opportunities.

to population in Southeast Asia, India, and southern part of China. Thai AirAsia provides service to passengers who are leisure air travel passengers and also the business travellers by primarily considering of airfares and on-time performance.

Our business model is based on that of AirAsia Berhad (AAB), who operates a low-fares airline under the “AirAsia” brand in Malaysia. The Company believes our simple single-class; single type fleet configuration, point-to-point operations, high aircraft utilisation, scale, distribution channels, AirAsia Big Loyalty Programme, and extensive route network provide us with a cost advantage over other Thai airlines and one that compares favourably with other low-cost carriers (LCC) around the world. Our cost advantages, lower fares, strong branding and marketing, as well as, reliable service have enabled us to continuously expand our operations since our inception in 2004.

BACKGROUND

Asia Aviation was incorporated on February 14, 2006 as a company limited with a registered capital of Baht 410,000,000, being common shares of 41,000,000 shares at the par value of Baht 10 per share. The Company is a holding company, which makes an investment only in the low-fares carrier business under Thai AirAsia Company Limited ("Thai AirAsia"), held 50% during that period.

On June 21, 2007, management team, consisting of Chief Executive Officer and high-level management personnel, did a buyout on Asia Aviation from the shareholders at that time as the management team has foreseen the potential growth of Thai AirAsia.

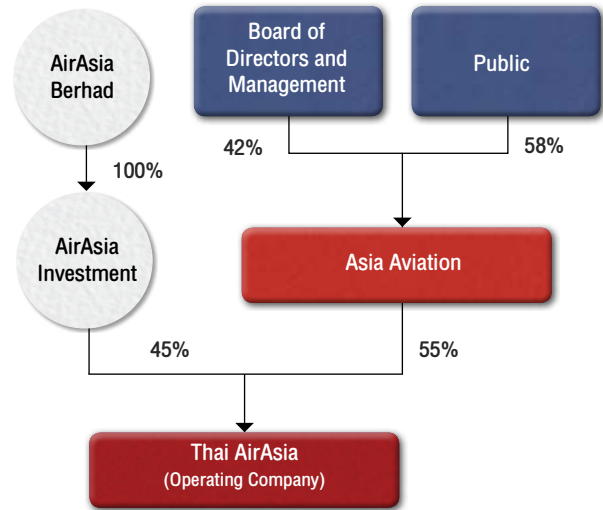
In November 2011, Asia Aviation acquired an additional 1% shareholding from Mr. Tassapon Bijleveld and held 51% in Thai AirAsia. Asia Aviation then became the public company on December 26, 2011 with a registered capital of Baht 485,000,000 and a paid-up capital of Baht 410,000,000, being common shares of 4,100,000,000 shares at the par value of Baht 0.10 per share.

Asia Aviation was listed in the Stock Exchange of Thailand on May 31, 2012 under ticker name "AAV" with the fully paid-up capital. The Company used the proceeds from the Initial Public Offering (IPO) to subscribe the newly issued shares of Thai AirAsia, which increased its shareholding to a current of 55% in Thai AirAsia.

Thai AirAsia, a joint venture between Asia Aviation, who held 51% shareholding in Thai AirAsia (Pre-IPO), and AirAsia Investment (AAI), who held 49%, is incorporated on September 19, 2003 to operate a low-fares airline business with a registered capital of Baht 400,000,000. AAI is a holding company wholly owned by AAB. AAB is a listed company in Bursa Malaysia who operates a low-fares carrier AirAsia in Malaysia. On May 29, 2012 Thai AirAsia has increased its registered capital to Baht 435,555,600, being the common shares of 43,555,560 shares at the par value of Baht 10 per share. Asia Aviation has subscribed the newly issued shares, raising its shareholding to 55% while AAI was diluted to 45%.

INVESTMENT STRUCTURE

Investment structure as of December 31, 2017 is as following;



BUSINESS OPERATION OF THAI AIRASIA RELIES ON ITS RELATIONSHIP WITH AIRASIA BERHAD

Thai AirAsia has the supports from AAB in many areas, including the permission to be a sole operator in Thailand to use "AirAsia" as trade name for business operation, access to market knowledge, and customer services. Presently, Thai AirAsia is leasing its aircrafts from AirAsia Mauritius (AAM), an AAB's subsidiary. Thai AirAsia also relies on the information technology used within the AirAsia Group. Thai AirAsia's main software was centred in Kuala Lumpur, Malaysia.

Thai AirAsia also has an access to spare parts kept by AAB and benefits from airport ground services provided by members of AirAsia Group in certain airports and other services from AAB and members of AirAsia Group such as maintenance, fuel hedging, website for selling tickets, ticket reservation software and AirAsia BIG Loyalty Programme. Decisions to engage in the transactions are made by Thai AirAsia which have to pass the resolution from the Board of Directors and the Audit Committee.

At present, AAB is holding 45% shares in Thai AirAsia and has nominated four of the directors of Thai AirAsia from the nine members in the board of directors as specified in the Shareholders' Agreement.

Key Milestones

2004

Thai AirAsia began operating domestic air services under the Thai AirAsia brand from Don Mueang Airport to Hat Yai and also began operating our first international flight from Bangkok to Singapore with two Boeing 737 aircraft.

2006

Asia Aviation was incorporated and acquired 50% of shares in Thai AirAsia.

2007

- Thai AirAsia moved our hub from Don Mueang International Airport to Suvarnabhumi International Airport.
- Thai AirAsia received our first Airbus A320 aircraft.

2009

Thai AirAsia launched our second hub in Phuket.

2010

Thai AirAsia's fleet comprised a single aircraft type, the Airbus A320.

2012

- Asia Aviation was listed in the Stock Exchange of Thailand (SET) and has 55% shareholding in Thai AirAsia.
- Thai AirAsia received our first aircraft under finance lease term.
- Thai AirAsia moved our hub from Suvarnabhumi International Airport to Don Mueang International Airport.
- Thai AirAsia operated 27 aircraft with 604 flights per week to 30 destinations.

2013

- Thai AirAsia reopened our third hub in Chiang Mai.
- Thai AirAsia operated 35 aircraft with 803 flights per week to 36 destinations.

2014

- Thai AirAsia rewarded "The World Best LCC's OTP" in 2013 from Flightstats.
- Thai AirAsia launched our fourth hub in Krabi.
- Thai AirAsia operated 40 aircraft with 912 flights per week to 36 destinations.

2015

- Thai AirAsia rewarded "The Best of Airline" from The Best of Thailand Awards Voted by Chinese Tourists.
- Thai AirAsia launched our fifth hub in Pattaya (U-Tapao International Airport).
- Thai AirAsia operated 45 aircraft with 1,019 flights per week to 44 destinations.

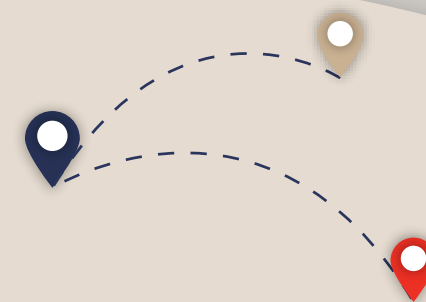
2016

- Thai AirAsia launched our sixth hub in Hat Yai.
- Thai AirAsia received Airbus A320 neo aircraft, the first of its kind in Thailand.
- Thai AirAsia operated 51 aircraft with 1,144 flights per week to 48 destinations.

2017



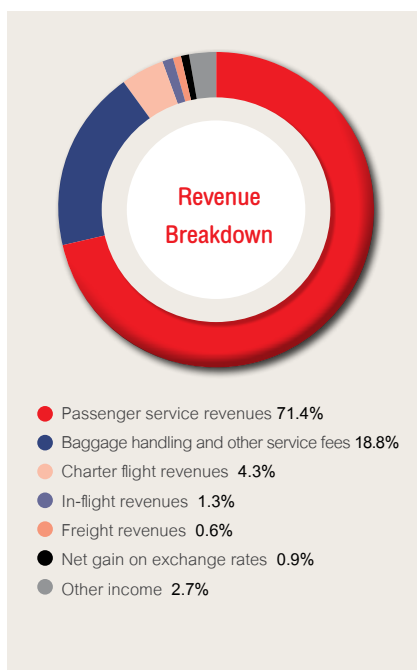
- Thai AirAsia is the first Thai Low-Fares Carrier to receive AOC Re-Certification.
- Thai AirAsia operated 56 aircraft with 1,293 flights per week to 56 destinations.



Nature of Business

As Asia Aviation is a holding company who currently makes an investment only in Thai AirAsia and has no revenue generating from others business, the revenue breakdown, thus, shall be considered at the operating company level Thai AirAsia.

Revenue breakdown of Thai AirAsia according to the financial statements ended December 31, 2015-2017 is shown with details below.



	For the year ended 31 December					
	2015		2016		2017	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
REVENUES FROM SALES AND SERVICES						
Passenger service revenues	22,091.9	72.5	24,993.6	75.5	26,622.9	71.4
Baggage handling and other service fees	4,811.4	15.8	4,828.8	14.6	6,993.7	18.8
Charter flight revenues	2,081.1	6.8	1,963.3	5.9	1,615.2	4.3
In-flight revenues	322.9	1.1	403.1	1.2	469.8	1.3
Freight revenues	200.0	0.7	211.8	0.6	230.0	0.6
REVENUES	29,507.3	96.9	32,400.6	97.8	35,931.6	96.4
OTHER REVENUES						
Net gain on exchange rates	-	-	-	-	322.1	0.9
Other income	955.3	3.1	729.0	2.2	1,026.5	2.7
TOTAL OTHER REVENUES	955.3	3.1	729.0	2.2	1,348.6	3.6
TOTAL REVENUES FROM SALES AND SERVICES, AND OTHERS	30,462.6	100.0	33,129.6	100.0	37,280.2	100.0

ASIA AVIATION AND THAI AIRASIA'S BUSINESS

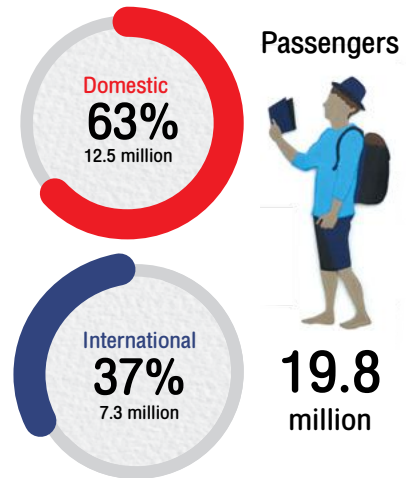
Asia Aviation operates as a holding company, which currently only holds investment in Thai AirAsia. Thai AirAsia operates a low-fares airline business with a single fleet type of Airbus A320s, generating revenues from scheduled passenger services and ancillary services.

1. Scheduled Passenger Services

Thai AirAsia provides scheduled passenger air travel services at the fares lower than the one offered by full service airlines. However, such fare does not include services such as baggage fee, seat selection fee, on-board food and beverages and other services. Hence, passengers could pay for those services (frills), in which the revenue will be recorded under the ancillary services. Thai AirAsia continuously monitors our on-time performance and our punctuality

remains the outstanding in the industry with 83% of our flights in 2017 (which measures the proportion of flights departing within 15 minutes of the scheduled departure time).

The number of passengers carried of Thai AirAsia in 2017 was at 19.8 million passengers, 63% of which were passengers on the domestic routes, and 37% of which were passengers on the international routes.



1.1 Our Network and Schedules

Thai AirAsia focuses on short-haul routes to airports in and around major population centres and travel destinations, typically operating within radius of up to 3,500 kilometres and flight duration of up to four hours from the Hub. Thai AirAsia route network offers frequent point-to-point services, without connections, and not scheduled in parking our aircraft at airports overnight other than our six hub airports comprised of Bangkok (Don Mueang), Phuket, Chiang Mai, Krabi, Pattaya (U-Tapao) and Hat Yai.

Covers **56** cities
13 Countries in Asia

Domestic Routes

34

International Routes

47



Our route network covers a total of 56 cities across 13 countries in Asia. As of December 31, 2017, it was covering 35 international destinations and 21 domestic destinations with 47 international routes and 34 domestic routes.

Our customers have access to the combined route network under AirAsia Group in countries such as Malaysia, Indonesia, Philippines, India, and Japan with more than 130 destinations.

1.2 Network Expansion

When considering adding a new route to our network, Thai AirAsia takes into account factors such as potential load factors, the population density and tourism industry at the point of departure and destination, current and potential competition, airport fees, traffic rights and distance. This process of new routes opening typically takes three months and those new routes are to be approved by Thai AirAsia's Board of Directors as part of their approval of Thai AirAsia's budget. If a new route is not profitable after a trial period of between six to eight months, we either lower the frequency of the route or suspend/cancel the route.

In 2017, Thai AirAsia launched new domestic and international routes including

Bangkok (Don Mueang)

- Bangkok – Danang (Vietnam)
- Bangkok – Male (Maldives)
- Bangkok – Jaipur (India)
- Bangkok – Tiruchirappalli (India)

Pattaya (U-Tapao)

- Pattaya (U-Tapao) – Phuket
- Pattaya (U-Tapao) – Ubon Ratchathani

Chiang Mai
Chiang Mai – Ubon Ratchathani
Khon Kaen
Khon Kaen – Phuket

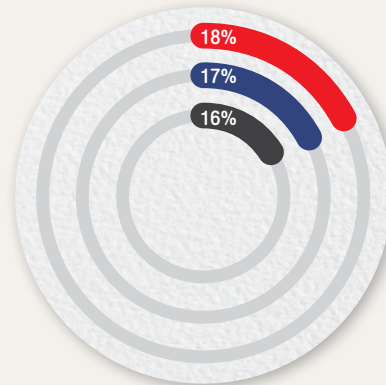
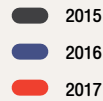
Additionally, Thai AirAsia also increased frequencies in dominant destinations in the domestic and Indochina region in total of 16 routes, comprised of routes departing from Bangkok - 12, Chiang Mai - 2, Hat Yai - 1 and Pattaya (U-Tapao) - 1. In addition, Thai AirAsia has converted the route Pattaya (U-Tapao) - Hangzhou (China) from charter to scheduled charter flight. As a result of capacity management, Thai AirAsia has also cancelled route Pattaya (U-Tapao) - Singapore during the year. Thai AirAsia's objective is to firmly establish itself as Thailand's leading carrier in main travel destinations to maximise the returns, especially in the domestic market and also support the passenger growth for connecting people travelling among the countries within this region. Moreover, Thai AirAsia plans to penetrate India and Asean market while keeping the market share in China market by planning to commence new routes and increase frequencies in well-performed routes. Hence, this diversified strategy tends to minimise the risk of dependence on major customer base and to enhance Thai AirAsia's revenue sustainable growth in the future.



2. Ancillary Services

Ancillary Services

(of revenues from sales and services)



Thai AirAsia provides various ancillary services to the passengers, starting from the services before boarding, in-flight services, and other services in relation to our air passenger services. These services generate another stream of revenue in addition to Thai AirAsia's core revenue from scheduled passenger service. Ancillary revenue is accounting for 16%, 17% and 18% of our revenues in 2015, 2016 and 2017 respectively, which are grouped into categories as below.

2.1 Services Before Boarding and Fees

Thai AirAsia offers a range of products and services to passengers on AirAsia website, call centre and sales counters as follows:

- **Checked Baggage:** Baggage charges are based on the weight of the baggage passengers wish to check in and also upon the timing of purchase. Pre-booking of the checked baggage at the time of reservation will bring about lower fees. Additional fees will be charged for baggage with excess weight.
- **Seat Selection:** Seat selection is available with fees, passengers can choose any preferred seats on the flight including Hot Seats (special seats on the first five rows of the aircraft and emergency exit rows on row 12 and 14) and Standard Seats.
- **Checked Sports Equipment:** Passengers can check-in sports equipment including Golf Equipment, Diving Equipment, Surf Board and Bicycle. Checked Sports Equipment charges are based on the weight of the Sports Equipment passengers wish to check in and also upon the timing of purchase. Pre-booking of the checked Sports Equipment at the time of reservation will bring about lower fees. Additional fees will be charged for Sport Equipment with excess weight.

- **Bookings and Amendments:** Passengers can make a booking via call centre and sales counters, booking fee will be applied. Booking amendments are possible 48-hour prior to flight time with amendment fees to be applied (Name and Route changed are not permitted). Hence, additional service fee may be applied on case-by-case basis.
- **Payment Processing Fees:** Credit card, direct debit and counter service payment for online purchase are available with processing fees.
- **Travel Insurance (Tune Protect):** Passengers can purchase Tune Protect Travel Insurance by AirAsia which is underwritten by Tune Insurance PLC. Coverages include accidental death and dismemberment, personal accident and medical expense, trip cancellation, flight delay, damage to luggage and personal effects, etc. Thai AirAsia will receive service fee from using the AirAsia website in selling such insurance.
- **Connecting Flight (Fly-Thru):** Fly-Thru service is available for passengers who wish to conveniently connect flights (Domestic and International Flight) from one to another with no bag collecting hassle in between flights at the transit hub. All checked baggage will be safely delivered to the final destination of the passengers' flight. However, a connecting fee will be applied to the service.
- **AirAsia Red Carpet:** Passengers can purchase additional services that allow them to enjoy a speedier travelling process all the way from check-in to baggage claim. AirAsia Red Carpet privileges include a dedicated check-in area, access to airport lounge and priority boarding as well as priority baggage delivery upon arrival. Thai AirAsia will receive revenues from this service.

2.2 In-Flight Services

The sales of beverages and food to passengers onboard are one of our in-flight services. Passengers who pre-booked the meals online during reservation or via Manage My Booking will have wider range of menus for selection as well as a discount from the onboard prices, in which the food will also be served first prior to the sales of onboard in-flight beverages and food. Passengers can pre-book on such service no less than 24-hour prior to the departure time.

Additionally, Thai AirAsia offers merchandises onboard including souvenirs (such as airplane model and graphic T-shirt), travel gadgets



(such as phone chargers and earphones), seasonal or festive items and travel essentials (such as luggage locks and pillow & comforter kits). Through King Power Marketing and Management Co., Ltd, Thai AirAsia also offers duty free products, which can be purchased on our international flights, the payment can be made using either cash or credit cards.

2.3 Other Services

- **Bangkok Bank AirAsia Platinum MasterCard Credit Card:** Thai AirAsia and Bangkok Bank launched a co-brand credit card offering special privileges to the customers, including earn 1 AirAsia BIG Point for every Baht 20 spent and earn 3x AirAsia BIG Points for any purchase made on AirAsia website, sales counters and call centre. Thai AirAsia will receive shared revenue from spending on this co-brand credit card.
- **Advertising Space:** Thai AirAsia generates an additional revenue by providing advertising space on our aircraft such as the overhead compartments, meal trays, Travel 3Sixty Magazine (Regional and Local), banner on AirAsia Website and others.
- **AirAsia Car Rental:** Thai AirAsia and CarTrawler, a world-class car rental search engine, launched a car rental service both domestically and internationally. Customers can easily search for cheap rental cars and compare prices and car models from various car rental companies in one website, providing the ultimate convenience to those who book the air ticket along with searching for cheap cars at the destination. Additionally, Thai AirAsia will receive shared revenue from each rental transaction made via AirAsia Car Rental page.





- **Freight (AirAsia Cargo):** Thai AirAsia generates additional revenue from airfreight service on the scheduled flight, comprised of cargo and mails when space and weight are available.
- **Island and City Transfer:** Passengers can plan their trip conveniently due to the easy access to the nearby islands and cities. Thai AirAsia cooperates with the local van and ferry operators to offer City Transfer and Island service to deliver passengers either from the airport to the cities such as Pai, Khaolak, Sukhothai and Khanom, or from the land to the islands such as Lanta, Lipe, Phangan, Phi Phi, and Samui.

3. Pricing and Revenue Management

Thai AirAsia uses multiple fare structures and dynamic pricing to yield the ticket revenue, in which factors such as market demand, competition, historical performance and forecasts will be considered in determining how many seats to allocate to each fare level for each flight and each departure date in order to maximise our revenue.

As there are a limited number of seats in the lower fare level, the earlier a passenger books a seat, the more likely it is that the passenger will be able to purchase seat at the lowest published fare. All of our fares are priced based on one-way travel. Seats must be purchased at the time of reservation and are non-refundable except for the portion relating to any applicable airport tax. However, the time of travel (other than in the case of promotional fares) can be changed

up to 48 hours prior to departure subject to the processing fee and the payment of the fare difference.

While Thai AirAsia seeks to maximise our revenue, our competitive cost structure enables us to offer the average fare lower than our competitors in the same routes. Moreover, Thai AirAsia occasionally offers promotional fares to promote less favourable routes.

4. Distribution and Sales

Thai AirAsia has three principal distribution channels, the Internet, direct sales through our sales offices and call centres as well as indirect sales through agents. All travel documents with us such as confirmation itinerary are through electronic tickets, thereby reducing costs associated with printing, mailing, modifying tickets, as well as, re-issuing lost or stolen tickets. As at December 31, 2017, Thai AirAsia has proportion of our total bookings sold through the Internet 55%, direct sales 12% and indirect sales 33%.

Booking Proportion



4.1 Internet Sales

Thai AirAsia sells our ticket online via www.airasia.com which is the AirAsia Group website, and AirAsia Mobile App on smartphone covered both iOS and Android, which are paid by credit card or direct debit and internet banking, ATM, or at service counters such as Counter Service, Tesco Lotus, Big C Supercenter, Thai Post Office, Tops Supermarket, TrueMoney, etc for online booking. To encourage internet reservations, our lowest fares (which include our promotional fares) are available only through the AirAsia Group website and AirAsia Application on smartphone. Thai AirAsia expects internet sales to continue in the future. As online bookings lower our costs by reducing operating costs, the Internet is our lowest-cost distribution channel.

4.2 Direct Sales

Direct sales are made at sales offices and airport sales counters in which payments can be paid by cash, credit card or debit card. Additionally, booking via call centre could be paid by credit card, cash at any branch of Siam Commercial bank, Kasikorn bank, or counter services of 7-Eleven stores throughout Thailand. Group bookings are made and paid by credit card or money transfer.

4.3 Indirect Sales

Indirect sales through agents are consisting of Online (Online Travel Agents - OTA) and offline (travel agents in other formats).

- **Third Party Travel Agents:** Thai AirAsia has two types of travel agent network. "Sky Agents" are travel agents who are registered with Thai AirAsia and maintained a prepaid account in which bookings made by their guests are debited. In addition, "BSP Agents" are the members of, and have credit limits with International Air Transport Association (IATA).
- **AirAsia Go and Expedia:** AirAsia Go and Expedia are an online travel portal under AirAsia Group, offering flights, hotels, tour packages, transportation options and events. Thai AirAsia obtains revenues from AirAsia Go and Expedia for the flights that Thai AirAsia provides as part of the travel package or flight booking only.
- **GoCorporate Bookings:** Thai AirAsia offers our GoCorporate package to business travellers who maintain corporate accounts with us.
- **GoGovernment Booking:** Thai AirAsia offers special GoGovernment fare for governors to book at airport counters or authorised travel agents.

- **Book and Pay:** Thai AirAsia joins with Counter Services, offering book and pay AirAsia tickets at Counter Service channels, such as convenient store, department store and supermarket, to across the nation to expand its customer base. Ticket booking and payment can be made 24 hours prior to the flight for all of our domestic and international routes, both single and return.

5. Advertising and Sales Promotions

Thai AirAsia is permitted from AAB to use "AirAsia" as tradename under an agreement to receive marketing guidance from AAB in order to enhance operation with a fee.

Thai AirAsia allocates the budget as deemed appropriate for its communication and marketing activities and chooses its advertising media based on exposure to its targeted demographics and medium's effectiveness. Thai AirAsia commonly utilises television advertisements, billboards, LED screens, print media and radio advertisements to reach a wide range of consumers, while using online advertisements to reach more modern consumers.

Thai AirAsia exercises marketing plans throughout the year and regularly presents promotional fares, usually organising 3-4 major promotions each year with further discounts to its already low fares. Ticket prices during this period may be as low as Baht 0 per trip to spur pre-booking.

6. Customer Service

Thai AirAsia is committed to deliver high quality customer service by providing our guests with a safe, lower fares, valuable, reliable and friendly service. Thai AirAsia is delighted to listen to all comments, feedbacks and the complaints from our customers. For any assistance, they can contact us directly at Customer Support <https://support.airasia.com/> via the main page of website www.airasia.com. Our ground support service has a system in place to inform guests in case of delayed or cancelled flights through customer enrolled channel.

To provide the highest quality customer service, staffs are selected through a rigorous recruitment process, which is followed by extensive and ongoing training and performance management activities. The airline has the specific budgets for training on each customer service personnel every year to ensure that staffs are fully prepared to assist passengers effectively and efficiently.



PRODUCTS OR SERVICES PROCUREMENT

1. Thai Airasia's Fleet

As at December 31, 2017, Thai AirAsia has Airbus A320 family fleet of 56 aircraft, being 52 operational aircraft and 4 spare aircraft. Thai AirAsia has entered into the operating aircraft lease agreements, 30 of the aircraft made with AirAsia Mauritius (AAM), an AAB's subsidiary, and 6 of the aircraft made with the third-party lessors, as well as, 15 of the aircraft were under the financial lease agreement with financial institutions and 5 of the aircraft were owned by Thai AirAsia. Thai AirAsia expects to receive 7 more Airbus A320 deliveries in 2018.

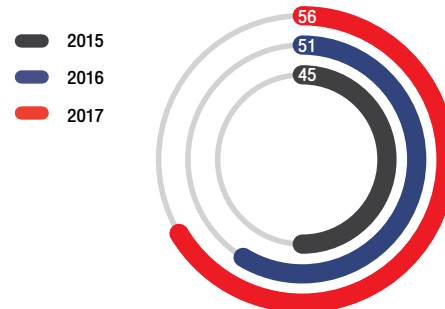
An Airbus A320 family aircraft has a proven track record of reliability in short-haul, high frequency operations. As at 31 December 2017, Thai AirAsia has 50 of Airbus A320 and 6 of Airbus A320 neo (New Engine Option) with an average fleet age of 5.4 years and the aircraft utilisation rate of 11.9 hours per day.

Thai AirAsia analyses our aircraft procurement needs independently from the other members of the AirAsia Group. However, AAB consolidates the respective requirements of each member of the AirAsia Group and places a consolidated order for the required number of aircraft from Airbus - the aircraft manufacturer. This enables us to benefit from bulk discounts off the official list price of such aircraft

and priority of delivery dates over some non-AirAsia Group airlines.

As at December 31, 2017, Thai AirAsia has 36 aircraft received under tax incentives granted by the Board of Investment (BOI) for 12 projects, with the privileges including (a) an exemption from payment of import duty on machinery approved by the Board of Investment, (b) an exemption from payment of income tax on net profit from promoted operations for a period of five to eight years from the first date on which income is deemed to be derived from such operations, subject to a maximum exemption on a range of Baht 415.0 million to Baht 447.3 million, as the case may vary for the first eight projects, amounting to Baht 13,360.1 million for the ninth project and on a range

Airbus A320 Fleet



of Baht 1,351.4 million to Baht 1,409 million for the tenth to twelfth project (c) an allowance for the tenth to twelfth project (c) an allowance of a five-year carry forward period for losses for tax purposes from promoted operations from the expiry of the eight-year period and (d) an exemption from income tax on dividends paid to shareholders from the profit of promoted operations during the corporate tax exemption period. Thai AirAsia shall comply with various terms and conditions set by the BOI in order to have such privileges. For the upcoming new aircraft to be added into the fleet, Thai AirAsia is in the process of planning for application to the BOI upon further approval in granting similar privileges.

2. Fuel

Fuel is a major cost component for airlines, in which Thai AirAsia's fuel costs in 2015, 2016, and 2017 were Baht 9,830.4 million, 8,257.5 million and 10,582.5 million, accounting for 36%, 28% and 31% of Thai AirAsia's total operating costs and expenses, respectively.

Thai AirAsia purchases a substantial majority of our fuel from PTT PCL and Shell Thailand Co., Ltd. with the benchmark of fuel prices against Mean of Platts Singapore

(MOPS). Jet kerosene prices, and therefore fuel prices, are extremely volatile and are subject to many global economic and geopolitical factors. Thus, Thai AirAsia implements various fuel management strategies to manage the risk of rising fuel prices, including hedging. Thai AirAsia has combined the hedging contracts with AAB to mitigate the risk of global fuel price fluctuation.

In addition to hedging fuel prices, Thai AirAsia has implemented the following fuel management strategies in order to reduce costs and minimise inherent risks:

- **Fuel policy:** Thai AirAsia controls our fuel supply by uplifting as much fuel as possible within optimal limits and regulatory requirements, in destinations where fuel is least expensive, to facilitate the use of the least expensive fuel stock.
- **Payment upfront:** Upfront payment for all purchases gives Thai AirAsia a negotiating power to obtain better pricing.
- **Fuel consumption policy:** Thai AirAsia attempts to minimise fuel consumption by establishing clear guidelines covering all areas of flight operations so that aircraft fuel burn rates can be maintained at a functional minimum.

- **Fuel surcharge:** In the situation of the fuel price fluctuation, Thai AirAsia re-introduced fuel surcharges for all of our international routes, in which the fees

are based on the flying hours of each route. The Civil Aviation Authority of Thailand (CAAT) prohibits the imposition of fuel surcharges that are separate from air

fares for domestic routes. However, Thai AirAsia cancelled the fuel surcharge in the beginning of the year 2015 due to the global oil prices dropped significantly.

3. Major Customers

No customer contributed more than 30% of our total revenue in 2015, 2016 and 2017. Customers mainly consist of individuals travelling by air.

4. Major Suppliers

No suppliers accounted for 30% or more of our total operating costs and expenses in 2015, 2016 and 2017.

5. Maintenance and Spare Parts

5.1 Maintenance

Thai AirAsia provides line maintenance and light maintenance, which is maintenance below a “C” level check for all of our aircraft. Any maintenance at or above a “C” level check or any structural repairs is outsourced to other certified maintenance, repair and overhaul (“MRO”) service providers such as Thai Airways International and Thai Aviation Industries in Thailand, ST Aerospace (Guangzhou) Aviation Services Co., Ltd in China or Sepang Aircraft Engineering in Malaysia. Through the AirAsia Aircraft Lease Agreements, Thai AirAsia is able to rely on manufacturer’s warranties and product support granted to AAB.

5.2 Spare Parts

Thai AirAsia maintains an inventory of rotatable spare parts in our hubs, with the majority of inventory found in Bangkok. As at December 31, 2017, Thai AirAsia keeps Baht 622.8 million of aircraft spare parts (net book value).

OTHER OPERATIONS

1. Safety and Security

Thai AirAsia is fully committed on all levels of operation to the safety and security of our passengers and employees. This commitment is reflected in our system of maintenance of our aircraft, extensive training given to our pilots, cabin crew and employees and the strict policies and procedures in compliance with local regulations, international standards and best practices regarding all areas of our business that are involved with the operation of our aircraft.

1.1 Safety

At Thai AirAsia, safety is our top priority. We place safety at the heart of our corporate culture and are fully committed to and pride ourselves on developing, implementing and maintaining our safety standards which comply with the highest level of air transport industry regulations, including both nationally and international levels.

As a result, safety procedures are reinforced on a day-to-day basis from all staff across the organisation: in-flight, with the pilots, cabin crews, on the ground and licensed aircraft engineers as well as the back office, including the management, starting from the Chief Executive Officer – all of this, while delivering our customers affordable, reliable and convenient flight services.

Our commitments:

- Developing business initiatives which are in line with our safety policy;
- Promoting and ensuring that safety remains at the heart of our corporate culture through skilled and trained staff;
- Maintaining and continually improving our safety standards;
- Defining clearly the accountabilities and responsibilities of all staff in order to ensure effectiveness of the organisation’s safety policy;
- Providing hazard identification and risk management processes, including a non-punitive hazard reporting system and providing feedback to the staff;
- Creating safety communication and awareness throughout the organisation;
- Ensuring that no action will be taken against any employee who discloses a safety concern;
- Ensuring third party service providers are aware of our safety reporting program;
- Organising the meeting regularly to review, analyse and strive to improve our safety objectives;
- Establishing and measuring our safety performance against realistic safety performance indicators and safety performance targets.

1.2 Security

While the relevant airport operators are responsible for security screening of passengers and baggage at our domestic and international destinations, Thai AirAsia trains our staff to remain vigilant in identifying potential security breaches, as well as to handle unruly passengers. All potential employees undergo thorough screening of their background prior to being hired.

Thai AirAsia provides extensive training to ensure that our staffs have appropriate skills to carry out their relevant duties as stipulated in our employee manuals. All crew and ground handling staff are required to undergo dangerous goods awareness training to be able to identify potentially dangerous goods and items that threaten the safety of the flight (these include flammable liquids and containers that are likely to explode under pressure).

Thai AirAsia is in compliance with all of CAAT's and the ICAO's regulations. In addition, cockpits in all of our aircraft have reinforced bulletproof doors.

2. Information Technology

Thai AirAsia shares various information technologies with the wider AirAsia Group. AAB invests in information technology where its use directly lowers the AirAsia Group's costs, enables scalable operations and improves efficiency and safety. Our key operating software systems (centralised in Kuala Lumpur, Malaysia) include (1) NewSkies 3.4 by Navitaire, which was used for inventory and sales management/reservations (2) Microsoft's Axapta Financial Management (Axapta), which was used for our financial operations (3) the AIMS software, which was used for flight scheduling and crew rostering (4) Navtech software, which was used for flight planning and (5) Swiss Aviation Software Ltd.'s AMOS operating

system ("AMOS"), which was used for the management of aircraft maintenance engineering and logistics.

3. Airport Operations

Thai AirAsia provides our own ground handling and ground support services at most of domestic airports as well as ramp services. For international destinations, Thai AirAsia has cooperated with airlines in network departing to same destinations in order to negotiate and assign accredited third parties to provide these services for cost management effectiveness. Thai AirAsia believes that providing our own ground handling and ground support services ensures that costs are kept low while productivity is high.

For the services at the airport, Thai AirAsia values the importance of services that are fast and convenient by introducing self check-in kiosk, suitable for passengers who value extended convenience and time in travelling. At the same time, the service allows Thai AirAsia to effectively reduce the costs.

4. Insurance

Thai AirAsia has aviation and non-aviation insurance coverage in connection with our operations. The airline believes that our overall insurance coverage is consistent with industry practice and is maintained at adequate levels. Thai AirAsia carries passenger and third party liability insurance, as required by the terms of our lease agreements and per the standard market practice, under which the airline is insured for a Combined Single Limit (Bodily Injury/Property Damage) of USD 750 million each loss, each aircraft, unlimited in all, but in the annual aggregate in respect of Products Legal Liability. Thai AirAsia also insured the aircraft against loss and damages under

the Hull All Risks up to the agreed value of the aircraft, but subject to a deductible of USD 750,000 each loss, not applicable to total loss/constructive total loss/arranged total loss. Nevertheless, Thai AirAsia has purchased a Hull Deductible policy to indemnify Thai AirAsia for the difference between USD 750,000 each loss and USD 50,000 each loss subject to an aggregate limit of USD 10 million applicable to the AirAsia Group.

In addition to the above, Thai AirAsia has purchased a Hull War and Allied Perils against loss or damage excluded by the War, Hijacking and Other Perils Exclusion Clause (AVN 48B) under the Hull All Risks insurance policy coverage, to the extent available in accordance with LSW555D policy form, up to the agreed value of the aircraft. The coverage is subject to an annual aggregate limit of USD 1,000 million any one occurrence, applicable to AAB and Thai AirAsia.

Thai AirAsia has purchased the Excess War, Hi-Jacking and Other Perils Liability up to USD 750 million any one occurrence and in aggregate.

INDUSTRY OUTLOOK AND COMPETITION

1. Economic and Industry Outlook

In January 2018, the International Monetary Fund (IMF) expected the world economic growth in 2018 to be at 3.9%, up from last year's estimate at 3.7%, a sign of broad based global economic recovery propelled by the elevated growth of Manufacturing Purchasing Manager's Index (PMI). The U.S. economy is expected with continuous growth mainly from solid domestic consumption and tax policy changes. Similarly, the growth in the Eurozone economy is driven by private consumption and capital spending whereas several risks

still persist such as the election in Italy in the first quarter of 2018 and the effects from Quantitative Easing (QE) tapering by the European Central Bank. Meanwhile, the Chinese economy is viewed to be slowing slightly from tightened monetary policy and real estate market to ease the potential soap bubble. The company forecasts the jet fuel prices in 2018 within the average range of USD 70–78 per barrel, as crude oil price is expected to level up with limitation after the Organization of the Petroleum Exporting (OPEC) and Non-OPEC members have extended the agreement to reduce their productions until the end of year 2018. At the same time, Shale Oil production in the U.S. is expected to resume, which could pressure the oil price if the crude oil price is traded at higher price. Regarding to tourism, World Travel and Tourism Council forecasted the growth at 4.0% for the years 2017-2027 from the extended demand growth in international travels. However, the volatility of world economy, terrorism and rising crude oil prices are the risks to tourism growth.

The Office of the National Economics and Social Development Board (NESDB) forecasts Thailand economic growth for 2018 within the range of 3.6%-4.6% continuing from last year, supported by the improvement of global economy, public and private investment and the improvement of employment rate including the standard wage rate for employments in system. Export and tourism are expected to be well-performed. Despite the growth, the volatility of the world's politics is the key risk of Thailand's economic growth.

According to the Tourism and Sports Ministry, revenue from tourism in 2018 is expected to be at Baht 3.0 trillion, increased by 9.0% from 2017, of which Baht 2.0 trillion from international and Baht 1.0 trillion will stem from domestic tourists at the growth of 9.4% and 8.2% from previous year

respectively. The number of international arrivals in 2018 is forecasted to rise approximately over 37 million, comparing to 35.4 million in the previous year, mainly from the government scheme in order to attract international tourists by promoting Thailand as Amazing Thailand Tourism Year 2018 during November 1, 2017 – January 1, 2019. This includes 15 activities and promotion of Thai products as Million Shades of Thailand, allowing tourists to experience Thailand in various dimensions. The government continues to stimulate local tourism promoting the proactive campaign “Thailand's 12 Hidden Gems” and “Thailand's 12 Hidden Gems...Plus” as well as to impose tax-incentive scheme for 55 secondary provinces effective from January 1, 2018 – December 31, 2018 in order to distribute

income from tourism to the potential areas. In addition, the government has the infrastructure improvement plan for Eastern Economic Corridor (EEC) project to support the growing number of tourists in 2018, complying with the national strategy of Thailand 4.0 to promote the third national airport Pattaya (U-Tapao) as the most innovative airport and largest maintenance centre in ASEAN.

Hence, Thai AirAsia has prepared not only itself for the competitive environment domestically and internationally by expanding its fleet and hubs, but also has continual monitoring of its performance to ensure efficiently operation, as well as, has opened for the new opportunity to optimise returns.

2. Competition

Thai AirAsia faces the competition from the low-cost carriers (LCCs), full-service carriers (FSCs) and charter flight service in our international and domestic market. The intensity of this competition varies from route to route and depends on the strengths of competing airlines as well as other transportation modes available, for example;

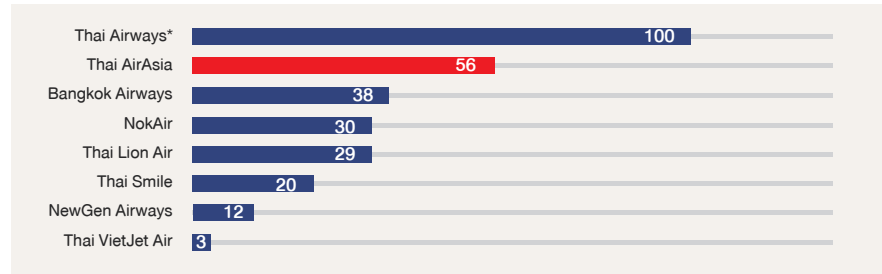
- Thai Airways, established in 1960, is the national airline which positioned itself as a full service, providing customer experience as “Touches of Thai” offers multiclass scheduled services, complimentary in-flight meals, a frequent flyer program and airport lounges and based its operation at Suvarnabhumi Airport. Thai Airways established Thai Smile to provide the connecting service in domestic and Asean countries with plans to expand to China and India routes. Additionally, Thai Airways holds 21.8% equity interest in Nok Air, a low-cost carrier that focuses on the customers who are highly price-sensitive on airfare and offers aircraft rental service in addition to operation. Nok Air based its operation at Don Mueang International Airport.
- Bangkok Airways, the owner and the operator of the airports including Samui, Trat and Sukhothai is a boutique full-service carrier focusing especially on the routes to Samui Island. Moreover, the airline focuses on leisure travellers and routes not exceeding 5 hours from the operation centres, covering routes in Southeast Asia, South Asia and India.
- Thai Lion Air, a low-cost carrier of Indonesia part of Lion Group, has started its operation at Don Mueang International Airport. The airline strategy is to provide cheaper price than competitors with a slogan “We make people fly” with more focus on route expansions and market share of international routes.

- Thai VietJet Air, a low-cost carrier of Vietnam part of VietJet Airline, based its operation at Suvarnabhumi Airport and has flown domestic flights since September 2016.
- NewGen Airways, a charter flight service carrier, is flying mainly to several destinations in China. NewGen Airways based its operation at Don Mueang, Krabi, Surat Thani and Phuket International Airports. In addition, this airline has planned to be listed in Stock Exchange of Thailand.

Thai AirAsia's strategy is to offer the best low fares with flight frequency and quality of service in its peer group. Given our cost management effectiveness, Thai AirAsia is in the better position to endure a decrease in airfares that might occur from the airline pricing environment in a period of increased competition from existing competitors or from new entrants.

In 2017, Thai AirAsia was still confronted with the price competition, especially in the trunk routes provided by low-cost carriers and full-service carriers. To avoid the intensity of competition and to maintain leadership in domestic market, Thai AirAsia offers services on the unique routes. Hence, Thai AirAsia is able to price the airfare on those routes such as Phuket – Siem Reap (Cambodia) and Chiang Mai – Ubon Ratchathani and operates the new routes to the secondary-tier city such as Bangkok - Jaipur and Pattaya (U-Tapao) –UbonRatchathani. Furthermore, Thai AirAsia has benefit from the Fly-Thru service that connects more flights with Thai AirAsia X, a low fare long-haul airline in affiliate of AirAsia X in Malaysia, based its operation at Don Mueang International Airport.

As of December 31, 2017, the major airlines that were granted the Air Operator Certificate (AOC) from Civil Aviation Authority of Thailand (CAAT), provide services on both domestic and/or international routes have a number of aircraft in service as shown below;



* Included Thai Smiles
Source: Centre for Aviation (CAPA)

2.1 International

The main competitors of Thai AirAsia on our international routes include full-service carriers are (1) Thai Airways, (2) Cathay Pacific Airways, (3) Singapore Airlines, (4) Vietnam Airlines, (5) Air Macau, (6) Myanmar Airlines International, and (7) Malaysian Airlines. While low-cost carriers are (1) Tiger Airways, (2) Jetstar Airways, (3) Spring Airlines, (4) NokScoot, (5) Thai Lion Air, (6) Thai VietJet Air and charter flight carriers such as (1) NewGen Airways.

OUR BUSINESS STRATEGY

Our goal is to establish ourselves as a leading low-fares carrier in every market that we serve by offering passengers to fly with experiences which focusing on “Safety Assured, Fly On Time and Widest Network” at the lowest airfares and “Every detail matters because you matter”. Besides, our aim is to gain market dominance in every of our routes, in both domestic and international markets. Apart from organic growth of its fleet, Thai AirAsia is striving to stimulate air travel by adding new potential destinations especially in India and Indochina, where there are few or no competition and add additional flights to strengthen our market share position. In 2018, the domestic capacity is expected to grow at rate 1-2%, while demand for domestic travels is expected to be a growth momentum, partially supported by the government scheme of secondary province tourism as aforementioned. As the result, the performance of Thai AirAsia in 2018 is expected to be satisfactory. Besides generating passenger revenues, Thai AirAsia enhanced operating results through ancillary services via attractive campaigns to create more awareness on existing products and services to the market as well as more innovative products such as city transfer and island transfer service to serve our travellers’ needs and convenience on connectivity.

In summary, Thai AirAsia aims to offer lower fares while maintaining a continuous focus on cost-containment and operational efficiency. Thai AirAsia is also building up its network and structure that would enable the economies of scale, as well as, the efficiency and effectiveness in management for the readiness of upcoming competition.

2.2 Domestic

Key main players under the domestic market include (1) Thai Airways, (2) Thai Smile, and (3) Bangkok Airways. For low-cost carriers are (1) Nok Air (an affiliate of Thai Airways), (2) Thai Lion Air, and (3) Thai VietJet Air.





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ขุขยขกรรขร - ขุขรขุขร, ขนขนขขข

ขอแนะนำโปรแกรมสมาชิกรูปแบบใหม่ล่าสุด Freedom Flyer Programme ที่ช่วยให้คุณออกเดินทางไปได้ไกลกว่าที่เคย สมาชิก BIG สามารถสะสม BIG Points และแลกบัตรโดยสารมูลค่า 130 จุดหมายปลายทางของแอร์เอเชียด้วยแอป BIG Loyalty 17 ล้านคนสมัครแล้ว คุณล่ะ?



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และท่องเที่ยวกว่า 160 ราย



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Risk Factors

Aviation business is one of the industries with several unique risk factors. In order to respond to the risk that may arise to affect the Company's operation, the Company has set up risk management procedures for Thai AirAsia and the Risk Management Committee comprising Executives from different departments that are involved in setting policies and assessing risks. The Committee identifies possible risks and analyses factors that may prevent the Company in achieving its goals, prioritises significance those identified risks as well as evaluates the plausible impacts in order to establish the measures in mitigating risks to the acceptable level. The Risk Management Committee has reported the risk assessment results to the Audit Committee, Executives and the Board of Directors for consideration twice a year.

The Company and Thai AirAsia have key risks as listed below. Nonetheless, besides the risk factors shown hereunder, there may be other risks that The Company and Thai AirAsia are not presently aware of or are aware of but do not deem significant in the foreseeable future.



Weather



Fuel



Currency



Interest Rate

RISKS RELATING TO THE AVIATION INDUSTRY

1. THE AVIATION INDUSTRY IS EXPOSED TO RISKS FROM EXTERNAL FACTORS.

Today, there has been a great increase of competition in aviation industry. Passengers have more various alternative options to choose the airlines that give them most confident travelling. Furthermore, news about aircraft accident may affect passenger's confidence. Primarily, the negative impacts include higher costs for security and insurance, lower passenger traffic and lower yield from the decreasing demands for air travel worldwide, and possibly higher costs for the industry, for example, fuel costs for aircraft or insurance-related costs. The outbreak of the epidemic or various measures taken by governments of countries affected by the epidemic to mitigate the risk of outbreak may also obstruct the aviation industry.

During the monsoons or in the unfavourable weather conditions, flights may be cancelled or postponed. Thailand is one of the countries that have encountered many natural disasters during the past several years, including the tsunami and flood. In the cases that Thai AirAsia cancels or postpones the flight, income and profit of Thai AirAsia will be reduced.

As safety has become a core principle of Thai AirAsia, it has launched Safety Management System (SMS) to enhance and support organisation. SMS is a systematic, proactive and explicit process for managing safety that integrates operations and technical systems with financial and human resource management to achieve safe operations with as low as reasonably practicable risk. It is systematic in that safety management activities are carried out in accordance with a pre-determined plan, and applied in a consistent manner throughout the organisation. It is proactive by taking an approach that emphasises prevention, through hazards identification and risk control and mitigation measures, before events that affect safety occur.

Furthermore, the company has set up the Emergency Response Team to keep close watch and follow the situation instantly, with the aim to minimise the impact on the flight operation and passengers. The team covers areas such as flight operation planning, ground operation in terms of customer service, corporate communication, and passenger responsibility.

2. THE BUSINESS, FINANCIAL CONDITION, OPERATING RESULTS, AND PROSPECT OF THAI AIRASIA MAY BE MATERIALLY AND ADVERSELY AFFECTED BY FUEL COSTS.

The fuel costs is one of the major operating costs of an airline business, accounted for 31% of the operating costs of Thai AirAsia in 2017. Consequently, the operating results of Thai AirAsia are significantly affected from the high volatility of the jet fuel price. In an attempt to insure against the constant fluctuation in fuel costs, the company has the fuel hedging policy as a tool to mitigate its exposure to volatile and potentially rising fuel costs rather than as a means to speculate against fluctuation in fuel price movements. In terms of flight operation, the company has a policy to manage the fuel consumption rate.

Thai AirAsia's forward fuel hedging in 2017 accounted for an average proportion of 77% of overall fuel consumption. Throughout 2017, the company made adjustments to the jet fuel hedging to reflect the changes in situations that can influence the volatility of global oil price.

3. CURRENCY FLUCTUATION CAN HAVE ADVERSE IMPACTS ON THAI AIRASIA'S BUSINESS, FINANCIAL CONDITION, AND OPERATING RESULTS.

Thai AirAsia has revenues and expenses in various different currencies. The company has adopted the practice of Natural Hedging to reduce the exposure of foreign exchange rates fluctuation by matching cash expenses and revenues in the same currency as practically possible. The net cash flow is then managed to better match its major expenses such as maintenance contracts, aircraft lease contracts and jet fuel supply contracts. Moreover, the structure of foreign currency loans is made in accordance with the highest currency net operating cash flow. To ensure that the company does not incur too much foreign currency debt, it also took on more Thai baht loans to alleviate the foreign currency gain/loss impact on the company's profit and loss statement. The company also used financial instruments for currency risk management

including Cross Currency Swaps (CCS), spot and forward contracts whenever it is suitable to do so. Although the Company and Thai AirAsia engages in foreign currency hedging transactions, hedging activities cannot be expected to eliminate currency risks.

4. THE COMPANY AND THAI AIRASIA MAY BE EXPOSED WITH INTEREST RATE FLUCTUATIONS.

We may incur a significant amount of debt in the future in order to finance for new aircraft or for business expansion. The certain amount of indebtedness of The Company and Thai AirAsia in the future might be of floating rate obligations, thus, the increasing interest rate is likely to affect the borrowing costs of Thai AirAsia. The Company and Thai AirAsia has set a measure to alleviate interest rate risk by fixing some interest rate during the negotiation for financial lease contracts and by considering using financial instruments at appropriate time. As of December 31, 2017, Thai AirAsia has ratio of long-term debts after swap between floating interest rates and fixed rates approximately 4 to 96.

RISKS RELATING TO ASIA AVIATION AND THAI AIRASIA

1. THERE ARE LIMITATIONS ON FOREIGN OWNERSHIP IN ASIA AVIATION AND THAI AIRASIA, WHICH IS THE COMPANY'S CORE ASSET. VIOLATION MAY RESULT IN THE REVOCATION OF AIR SERVICE OPERATOR LICENSE AND THE TRAFFIC RIGHTS OF OUR DESTINATIONS OF THAI AIRASIA.

Foreign ownership, as limited under our Articles of Association, shall not exceed 0.1% of total issued and outstanding Asia Aviation's shares. In addition, Thai AirAsia, as Asia Aviation's core asset, is also under the foreigners' shareholding limitations regulated by the Foreign Business Act B.E. 2542 (1999) and the Aviation Act B.E. 2497 (1954) as amended, and the Announcement of the National Executive Council No. 58. Not less than 51% of shares of air service operators and aircraft registrants shall belong to persons listed hereunder, in any one or any combination of the following categories:

- (a) Natural persons who hold Thai nationality;
- (b) Ministries, sub-ministries, departments of the Thai government;
- (c) Limited companies or public limited companies, of which not less than 51% of the total capital belongs to ministries, sub-ministries, departments of Thai government or Thai natural persons.

In practice, it is hardly possible to determine whether the shares owned by shareholder, who is a Thai national, are sold to another Thai national or foreigner, or whether the person who converts the Non-Voting Depository Receipt (NVDR) into share is a Thai national or foreigner, until the said person submits an application for share transfer registration to the registration officer or until the closing date of the shareholders' registration book. Buyers or persons who convert the NVDRs into shares are not obliged to apply for share transfer registration after the purchase or trading. If the buyers or said persons have not applied for share transfer registration, there will not be the records of the said persons' names and nationalities on the shareholders' registration book until the last closing date of the shareholders' registration book, which will be some time after the trading. However, Thailand Securities Depository Co., Ltd. (TSD), Asia Aviation's registrar, may refuse to register the share transfer for the persons who are not Thai nationals and the said persons may need to sell their shares, if the transfer will make the foreign shareholding exceeds the limit currently imposed, which may result in the revocation of our air service operator license and significant negative impacts on the business, financial condition, operating results, and business opportunities.

Once the foreign shareholding meets the maximum limit, Thai shareholders may be restricted from transferring shares to foreigners, which may negatively affect the liquidity and market prices of the shares. Additionally, under normal practice for international air transportation service operation, Thai AirAsia shall have significant number of shareholders with Thai nationality who are also effectively controlling shareholders of Thai AirAsia. Even though governments of countries, that Thailand has signed the bilateral agreements with, are recognising the concept of the "beneficial ownership", there is a risk that the substantially owned and effectively controlled test may not be met, which may result in Thai AirAsia being terminated of the Thai-Designated Airline status and revoked of the international traffic rights.

As of December 31, 2017, Asia Aviation held 55% shareholding in Thai AirAsia, in which the investors and financial institutions held the proportion of 58% of Asia Aviation's total issued and outstanding shares, and the remaining 42% were held by Board of Directors and management of the Company who are all natural persons with Thai nationality, as regulated by applicable laws.

2. ASIA AVIATION IS OPERATING AS A HOLDING COMPANY, CONSEQUENTLY, IT IS DEPENDENT ON THE DIVIDENDS RECEIVED FROM THAI AIRASIA FOR DIVIDEND PAYMENT TO ASIA AVIATION'S SHAREHOLDERS.

As Asia Aviation is a holding company, it is dependent on the dividends from Thai AirAsia, of which it has 55% shareholding, to pay the dividends for its own shareholders. Dividend payment of Thai AirAsia to its shareholders, including Asia Aviation, shall be subject to applicable law. Asia Aviation may pay dividends based on its net profit of the separate financial statement of the Company, but not from its consolidated financial statement, in which net profit of Thai AirAsia has derived the net profit under the consolidated financial statement. Therefore, the ability to pay dividends of Asia Aviation depends on the dividends received from Thai AirAsia as the said dividends constitute substantially of Asia Aviation's income.

The Company has assigned Thai AirAsia to prepare operating plans and annual budgets, which need to be considered and approved by the Company's Board of Directors. Executive management meet every month to closely monitor the operating results in order to respond in a timely manner, should there be changes from external factors that differ from what has been planned, and also to appropriate plan financially, both in terms of cash flow and financial ratios that have been approved by the Board of Directors.

3. BUSINESS OPERATION OF THAI AIRASIA RELIES ON OUR RELATIONSHIP WITH AIRASIA BERHAD.

Thai AirAsia has the supports from AirAsia Berhad (AAB) in many areas, including the permission to be a sole operator in Thailand to use "AirAsia" as trade name for business operation, access to market knowledge, and customer services. However, the increase in the license fee and other amendments can have an effect on the operation of Thai AirAsia.

Presently, Thai AirAsia is leasing its aircraft from an AAB's subsidiary, in which the lease agreements will expire during 2019 to 2025. The ability of Thai AirAsia to renew the lease with similar terms depends on the market condition at the time. Typically, if the lease agreement is made for a long duration, the agreement is likely to be more in favour of the lessee. Thai AirAsia also relies on the information technology used within the AirAsia Group. Thai AirAsia's main software (centred in Kuala Lumpur, Malaysia) include NewSkies 3.4, which was developed by Navitaire and used for inventory/sales management and reservation, Axapta Financial Management, which was developed by Microsoft and used for financial operation, the AIMS, which is used for flight scheduling and crew rostering, Navtech, which is used for flight planning, and Swiss Aviation Software Ltd.'s AMOS, which is used for the management of aircraft maintenance engineering and logistics.

Thai AirAsia also has an access to spare parts kept by AAB and benefits from airport ground services provided by members of AirAsia Group in certain airports and other services from AAB and members of AirAsia Group such as maintenance, fuel hedging, website for selling tickets, ticket reservation software, and AirAsia BIG Loyalty Programme. Decisions to engage in the transactions are made by Thai AirAsia.

4. THAI AIRASIA IS DEPENDENT ON AUTOMATED SYSTEM AND THE INTERNET IN ITS BUSINESS OPERATION.

Thai AirAsia is reliant on the automated system in operating its business, including its website and online ticket reservation system, and its internal communication system. Thai AirAsia's website and online ticket reservation system must be able to accommodate a high volume of traffic and to show important flight information. Thai AirAsia has a backup plan and business continuity plan in place in order to prevent a sudden stop in these systems.

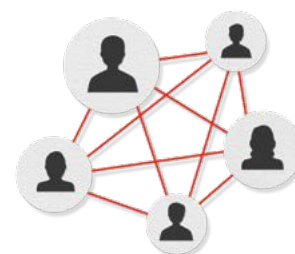
The flight reservation by passengers directly via the website www.AirAsia.com and AirAsia (Application) on smartphones came up to 55% in 2017. Thai AirAsia is aware of the possible risks from internet security for online transactions related to the data privacy that may create more restrictions in ticket purchase; therefore, the company has put in place a privacy policy for customers and safety measures to prevent the illegitimate access to the private information. The company also joins with leading domestic and international financial institutions and credit card providers such as VISA, MasterCard, American Express, and JCB to provide passengers with satisfaction in using their credit cards speedily and safely for the internet transaction.

5. THAI AIRASIA IS HAVING THE SINGLE FLEET TYPE OF AIRBUS A320 AIRCRAFT AND CFM56-5 ENGINES.

As of December 31, 2017, Thai AirAsia has a single aircraft type of 56 Airbus A320 aircraft with CFM56-5B6/3, -5B4/3 and LEAP-1A engines. The reliance on single model, Airbus A320, and single type of engine, CFM56-5B6/3, -5B4/3 and LEAP-1A makes Thai AirAsia vulnerable to any problem arises from the said model and engines. Thai AirAsia may experience an unfavourable impact if any shortcoming is found in the design or the mechanism in Airbus A320 aircraft or CFM56-5B6/3, -5B4/3 and LEAP-1A engines, as Thai AirAsia's aircraft will then need to be grounded for fixing the shortcoming or problem.

However, Airbus A320 aircraft is well accepted in the aviation industry since its beginning of production in 1988. Thai AirAsia has assessed the risks of the model being defected in the design or having engine troubled by considering the history of this model and found that its safety is at high-level and its cost of services is modest.

Securities and Shareholders



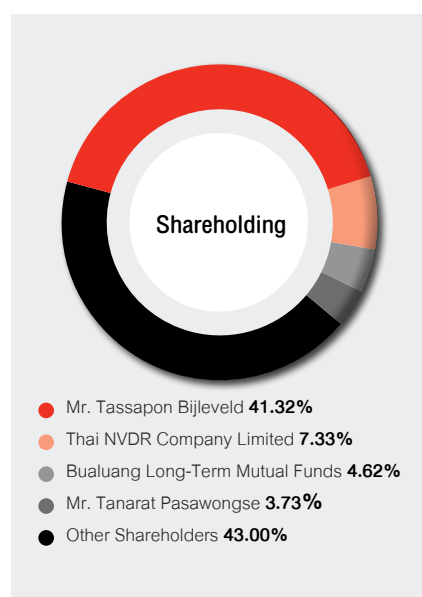
SECURITIES

Asia Aviation Public Company Limited

As at December 31, 2017, Asia Aviation has the registered and paid-up capital of Baht 485,000,000, being common shares of 4,850,000,000 shares at the par value of Baht 0.10 per share. On May 31, 2012 the Company was listed on the Stock Exchange of Thailand under ticker "AAV".

Thai AirAsia Company Limited (subsidiary)

As at December 31, 2017, Thai AirAsia has the registered and paid-up capital of Baht 435,555,600, being common shares of 43,555,560 shares at the par value of Baht 10 per share. With the IPO proceeds, Asia Aviation has injected its capital into Thai AirAsia, increasing its shareholding from 51% to 55%.



SHAREHOLDERS

Asia Aviation Public Company Limited

As at January 10, 2018, Asia Aviation has its top 10 shareholders with details on the number of shares and shareholding percentage as follows:

Name	Number of shares	Shareholding percentage (%)
Mr. Tassapon Bijleveld	2,004,088,286	41.32
Thai NVDR Company Limited	355,329,387	7.33
Bualuang Long-Term Mutual Funds	223,883,300	4.62
Mr. Tanarat Pasawongse	180,860,800	3.73
Mr. Aiyawatt Srivaddhanaprabha	130,000,000	2.68
Bualuang Long-term Equity Funds 75/25	102,418,200	2.11
Mr. Charlie Choungrangsee	71,512,000	1.47
Krungsri Dividend Stock LTF	56,590,400	1.17
Bualuang Flexible RMF	56,491,700	1.16
Ms. Pojanalai Boonkhan	52,000,000	1.07

Thai AirAsia Company Limited

As at December 31, 2017, Thai AirAsia has 8 shareholders with details on the number of shares and shareholding percentage as follows:

Name	Number of shares	Shareholding percentage (%)
Asia Aviation Public Company Limited	23,955,553	55.00
AirAsia Investment Ltd. ^{1,2}	19,600,000	45.00
Mr. Tassapon Bijleveld	2	0
Gp. Capt. Tanapat Ngamplang	1	0
Mr. Preechaya Rasametanin	1	0
M.L. Bovornovadep Devakula	1	0
Mr. Santisuk Klongchaiya	1	0
Ms. Hathaimas Ekkalakdilok	1	0
Total	43,555,560	100.00

Remark: 1. AirAsia Investment is a subsidiary of AirAsia Group that registered under Malaysian laws, in which AirAsia Berhad has a 100% shareholding.
2. AirAsia Berhad, listed on Bursa Malaysia, manages the business of investing in other companies.

AirAsia Berhad

As at December 31, 2017, AirAsia Berhad has Major Shareholders with details on the number of shares and shareholding percentage as follows:

Name	Direct		Indirect	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
Tune Live Sdn. Bhd. ¹	559,000,000	16.73	-	-
Tune Air Sdn. Bhd. ²	516,485,082	15.45	-	-
Tan Sri Dr. Anthony Francis Fernandes ³	1,600,000	0.05	1,075,485,082 ⁵	32.18
Dato' Kamarudin bin Meranun ⁴	2,000,000	0.06	1,075,485,082 ⁵	32.18

Remark: 1 Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Live Sdn. Bhd.
2 Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tune Air Sdn. Bhd.
3 Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Tan Sri Dr. Anthony Francis Fernandes.
4 Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for Datuk Kamarudin Bin Meranun.
5 Deemed interested by virtue of Section 8 of the Companies Act, 2016, Suruhanjaya Syarikat Malaysia (SSM) through a shareholding of more than 20% in Tune Live Sdn. Bhd and Tune Air Sdn. Bhd.

DIVIDEND POLICY

The Board of Directors of Asia Aviation may recommend annual dividends subject to the approval of the shareholders at the annual general meeting (AGM). For interim dividends, the Board of Directors is authorised for such approval, considering the profitability of the company, which will be reported to the next AGM.

Asia Aviation Public Company Limited

Asia Aviation may consider paying dividend by taking into account the performance, liquidity, current cash flow and financial status; the provisions and conditions regarding dividend payment as provided in the loan agreements, debentures or any related contracts that Asia Aviation are obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the Board of Directors.

In 2017, Asia Aviation the Board of Directors' Meeting No. 4/2017 held on November 9, 2017 passed a resolution approving interim dividend payment in cash of performance the period from January 1 - November 10, 2017, at the rate of Baht 0.15 per share, totalling Baht 727,500,000. The record date for the right to receive the dividend is on November 24, 2017 and the interim dividend payment date is on December 7, 2017.

Thai AirAsia Company Limited

Thai AirAsia may consider paying dividend by taking into account the performance, liquidity, current cash flow and financial status; the provisions and conditions regarding dividend payment as provided in the loan agreements, debentures or any related contracts that Thai AirAsia are obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the Board of Directors.

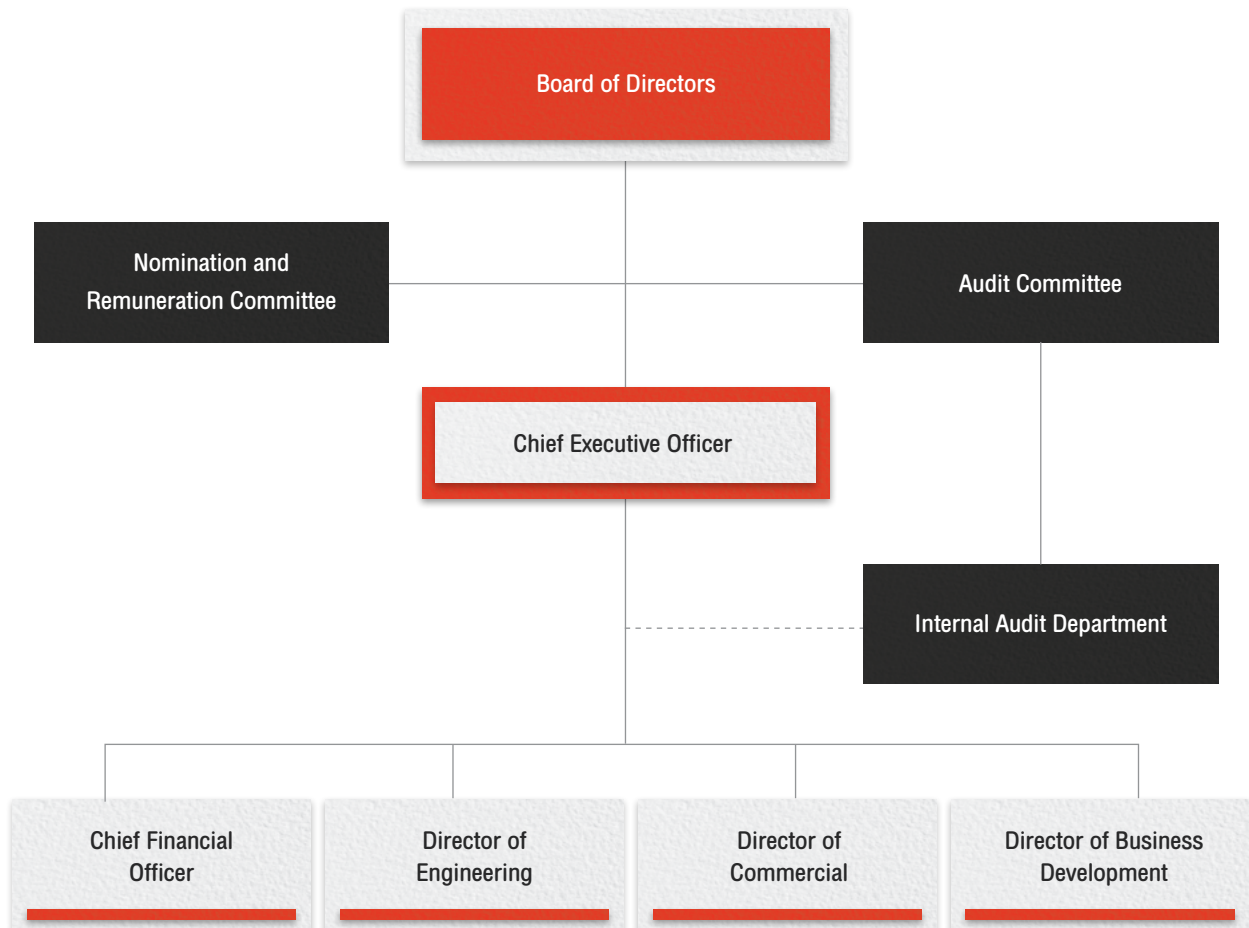
In 2017, Thai AirAsia the Board of Directors' Meeting No. 3/2017, held on November 9, 2017, passed a resolution approving the interim dividend payment of performance in cash of the period from January 1 - September 30, 2017 at the rate of 30.50 Baht per share (Asia Aviation holds 23,955,553 shares, representing 55% of total paid-up shares). The dividend payment is totalling Baht 730,644,366.50 and the payment date is on November 10, 2017.

Management Structure



MANAGEMENT STRUCTURE OF ASIA AVIATION PUBLIC COMPANY LIMITED AS OF DECEMBER 31, 2017

Management structure of Asia Aviation consists of the Board of Directors and two sub committees, namely the Audit Committee and the Nomination and Remuneration Committee. The details of all the Committees are as follows:



THE BOARD OF DIRECTORS

As of December 31, 2017, Asia Aviation's Board of Directors consists of 9 Directors as follows:

Name	Position
1. Mr. Arak Chonlatanon	Chairman of the Board / Independent Director / Chairman of the Audit Committee
2. Mr. Nuttawut Phowborom	Director / Independent Director / Audit Committee
3. Mr. Kasemsit Pathomsak	Director / Independent Director / Audit Committee
4. Mr. Tassapon Bijleveld	Director
5. Gp.Capt.Tanapat Ngamplang*	Director
6. Mr. Preechaya Rasametanin**	Director
7. M.L. Bovornovadep Devakula*	Director
8. Mr. Santisuk Klongchaiya	Director
9. Mr. Phairat Pompathananangoon*	Director

* According to December 27, 2017, Mr. Tassapon Bijleveld acquired the Company's ordinary shares from Srivaddhanaprabha Family. The Board of Directors Meeting No. 5/2017 on December 27, 2017 acknowledged the resignation of directors and passed a resolution to appoint directors who are representatives of Mr. Tassapon Bijleveld (the Major Shareholder) in replacement of resigned directors by term of Director will equal to remaining period, effective on December 27, 2017 as follows:

1. M.L. Bovornovadep Devakula in place of Mr. Aiyawatt Srivaddhanaprabha.
2. Mr. Phairat Pompathananangoon in place of Mr. Apichet Srivaddhanaprabha.
3. Gp.Capt.Tanapat Ngamplang in place of Mrs. Chananyarak Phetcharat.

** The Board of Directors Meeting No. 6/2017 on December 28, 2017 passed a resolution to appoint Mr. Preechaya Rasametanin to be the Company's Director replacing Mr. Sombat Dechapanichkul by term of Director will equal to remaining period, effective on December 28, 2017 onwards.

Authorised Directors

"Any one of Mr. Tassapon Bijleveld or Mr. Santisuk Klongchaiya jointly signing with any one of Mr. Phairat Pompathananangoon or Gp.Capt.Tanapat Ngamplang or M.L. Bovornovadep Devakula or Mr. Preechaya Rasametanin, totalling two persons, with the Company's seal affixed."

Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors of Asia Aviation shall manage Asia Aviation in accordance with the law, objectives, articles of association and resolutions of Shareholders' Meeting in an honest and prudent manner in the best interests of the Company and Shareholders.

Scope of duties and responsibilities of Asia Aviation's Board of Directors are as follows:

1. To conduct their duties in compliance with the laws, objectives, articles of association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings with duty of care and duty of loyalty, and with the best interest of the Company.
2. To formulate and approve the vision, strategies, business directions, policies, targets, guidelines, plans of work and budget of Asia Aviation and its subsidiaries as prepared by management and oversee the administration and the performance of the management or any persons assigned to do such work to ensure compliance with the policies set out by the Board of Directors.
3. To follow-up the outcome of work to ensure compliance with the plan and budget on an ongoing basis.
4. To ensure that the Company and its subsidiaries adopt and set in place an appropriate, strong and effective accounting system, internal control and internal audit system. These include establishing reliable financial report.
5. To review the risk management procedures and policies and also follow up on the results.
6. To prevent conflicts of interests among stakeholders of Asia Aviation and its subsidiaries.
7. To consider and approve related party transactions of the Company and its subsidiaries in compliance with notifications and regulations of the Stock Exchange of Thailand.
8. To set in place the corporate governance policy and its effective implementation including annual review.
9. To appoint the sub-committees such as Audit Committee, or any other sub committees in order to appropriately assist and support the Board of Directors duties.
10. To appraise their performance of Chief Executive Officer and members of Senior Management.
11. To appoint the Company Secretary to assist the Board of Directors in its various activities to run the business in line with the related laws and regulations.
12. To seek professional opinions from external agencies, if required, in order to take appropriate decisions.
13. To prepare and disclose annual reports and financial statements in order to present financial position and operating results for the past years to the Shareholders' Meeting.
14. To arrange for the Annual General Meeting of Shareholders within four months of the end of each fiscal year of Asia Aviation.
15. To approve the investment decisions for business expansion or joint venture with other business operators.

In any case, the authorisation of duties and responsibilities of the Board of Directors of Asia Aviation shall not constitute an authorisation or sub-authorisation which may cause the Board of Directors of

the Asia Aviation or its authorised person(s) to be able to approve any transaction that such person or any person who may have a conflict of interest (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Markets Supervisory Board) may have an interest or may benefit in any manner or may have any other conflict of interest with Asia Aviation or its subsidiaries, unless the approvals of such transactions are consistent with the policies and criteria approved by the Shareholders Meeting or the Board of Directors' Meeting.

Board of Directors' Meeting

The followings are the details of attendance of the Board of Directors' Meeting in 2017:

Name	No. of Attendance/ Total Meeting
1. Mr. Arak Chonlatanon	5/6
2. Mr. Nuttawut Phowborom	4/6
3. Mr. Kasemsit Pathomsak	6/6
4. Mr. Tassapon Bijleveld	6/6
5. Gp.Capt.Tanapat Ngamplang*	1/6
6. Mr. Preechaya Rasametanin**	0/6
7. M.L. Bovornovadep Devakula*	4/6
8. Mr. Santisuk Klongchaiya	6/6
9. Mr. Phairat Pornpathananangoon*	1/6

* The effective date of Director appointment was December 27, 2017.

** The effective date of Director appointment was December 28, 2017.

AUDIT COMMITTEE

Asia Aviation's Audit Committee comprises three Independent Directors and has the qualifications that meet the requirement of the Thai Capital Market Supervisory Board. As of December 31, 2017, the Company's Audit Committee is as follows:

Name	Position
1. Mr. Arak Chonlatanon	Chairman of Audit Committee
2. Mr. Nuttawut Phowborom	Audit Committee
3. Mr. Kasemsit Pathomsak	Audit Committee

Mr. Nuttawut Phowborom and Mr. Kasemsit Pathomsak have sufficient knowledge and experience to review the reliability of the financial statements of the Company.

The Secretary to the Company's Audit Committee is Ms.Duangporn Tantiwiwat.

Term of Positions

Members of the Audit Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Audit Committees' Meeting

The followings are the details of attendance of the Audit Committee's Meeting in 2017:

Name	No. of Attendance/ Total Meeting
1. Mr. Arak Chonlatanon	4/5
2. Mr. Nuttawut Phowborom	5/5
3. Mr. Kasemsit Pathomsak	5/5

Scope of Duties and Responsibilities of the Audit Committee

- To review the Company's financial reporting process to ensure that it is accurate and adequate.
- To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the head of an internal audit unit or any other unit in charge of an internal audit.
- To review the Company's compliance with the law on Securities and Exchange, the regulations of the Stock Exchange of Thailand, and the laws relating to the Company's business.
- To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
- To consider the related transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company.
- To review the Company's risk management system to ensure that the Company has appropriate and efficient risk management systems.
- To review and propose amendments related to duties and responsibilities of the Audit Committee in accordance with the circumstances.
- The Audit Committee has the authority to investigate the relevant party and has the authority to hire or bring experts to assist as necessary and appropriate.
- To prepare, and disclose in the Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:

- (1) an opinion on the accuracy, completeness and credibility of the Company's financial report;
 - (2) an opinion on the adequacy of the Company's internal control system;
 - (3) an opinion on the compliance with the law on Securities and Exchange, the regulations of the Stock Exchange of Thailand, or the laws relating to the Company's business;
 - (4) an opinion on the suitability of an auditor;
 - (5) an opinion on the transactions that may lead to conflicts of interests;
 - (6) the number of the Audit Committee's Meetings, and the attendance at such meetings by each committee member;
 - (7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) other transactions which, according to the Audit Committee's responsibilities as assigned by the Board of Directors, should be known to the Shareholders and investors.
10. If any following actions significantly affect the financial status or performance of the Company, the Audit Committee shall report to the Board of Directors for further improvement within the suitable time set by the Audit Committee:
- (1) Transaction that causes the conflict of interest;
 - (2) Fraud or any significant irregular events or problems in the internal control system; and
 - (3) The violation of law by Security and Exchange Commission, SET's regulation or law related to the Company business.
- If the Board of Directors or Management has not taken any action to resolve the above matter within the specified time frame, any committee member shall report to aforementioned matter to the Security and Exchange Commission or Stock Exchange.
11. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

The Audit Committee directly reports to the Board of Directors.

EXECUTIVES

As of December 31, 2017, the list of Asia Aviation's Executives is as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Chief Executive Officer
2. Mr. Santhat Sanguandikul	Chief Financial Officer
3. Mr. Preechaya Rasametanim	Director of Engineering
4. M.L. Bovomovadep Devakula	Director of Business Development
5. Mr. Santisuk Klongchaiya	Director of Commercial

Executive means a Director, Manager or a person holding a management-level-position of the first four ranking below the manager, a person holding a position equivalent to the person holding a management-level-position of the fourth ranking, including a person holding a management-level-position in an accounting or finance department at the level of manager of the department or higher or an equivalent position

Duties and Responsibilities of the Chief Executive Officer

1. To be designated as authorised person in administering Asia Aviation's business and/or day-to-day operation to be in line with the policies, business strategies, objectives, business plans, financial goals, and budgets of Asia Aviation as approved by the Board of Directors of Asia Aviation and/or resolutions of the Shareholders' Meeting.
2. To prepare business plans and to assign management authority as well as set the business operation and annual budgets for the approval from the Board of Directors of Asia Aviation, and to report the business progress according to the plans and budgets as approved to the Board of Directors of Asia Aviation.
3. To establish corporate structure and administrative procedures, including recruitment, training, dismissal, and remuneration, salary, compensation, bonus and other benefits for employees.
4. To monitor and report situation and performance of Asia Aviation and to propose alternatives and strategies in accordance to policies and market situation.
5. To manage and control all areas of operation for Asia Aviation, including finance, risk management, internal control, business operations and support functions, and human resources.
6. To represent Asia Aviation and to be designated as authorised person in liaising with government agencies and other organisations.
7. To oversee communication activities with the public, stakeholders, customers, and staff members in order to promote image and reputation of Asia Aviation.
8. To ensure good corporate governance.
9. To authorise the establishment, amendment, and modification of the employment rules and regulations for Asia Aviation such as recruitment, dismissal, and employee regulations, as well as remuneration and other compensation, and benefits.
10. To consider, negotiate, and approve legal transactions, and/or or and business operation activities, and/or daily business administration of Asia Aviation within the Authority Limits approved by the Board of Directors of Asia Aviation.
11. To be responsible and designated as assigned or according to policies assigned by the Board of Directors of Asia Aviation.

Chief Executive Officer may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of the Chief Executive Officer shall not provide Chief Executive Officer or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with Asia Aviation or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

COMPANY SECRETARY

The Board of Directors of Asia Aviation has appointed Ms. Nisres Distes as a company secretary, effective February 25, 2016, whose duties and responsibilities are as stated in the Securities and Exchange Act.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of Asia Aviation has appointed the Nomination and Remuneration Committee, which comprises of three committee members as follows:

Name	Position
1. Mr. Nuttawut Phowborom	Chairman of Nomination and Remuneration Committee
2. Mr. Arak Chonlatanon	Nomination and Remuneration Committee
3. Mr. Kasemsit Pathomsak	Nomination and Remuneration Committee

Term of Positions for Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Nomination and Remuneration Committee's Meeting

The followings are the details of attendance of Nomination and Remuneration Committee's Meeting in 2017:

Name	No. of Attendance/ Total Meeting
1. Mr. Nuttawut Phowborom	2/2
2. Mr. Arak Chonlatanon	2/2
3. Mr. Kasemsit Pathomsak	2/2

Scope of Authority and Responsibilities for Nomination

- To determine the structure, size, and composition of the Board of Directors to be suitable for the organisation and its changing environment.
- Determine guidelines and policies in nominating Board of Directors and subcommittee members and consider qualified candidates to replace those who are vacating the office, and propose the matter for approval by Board of Directors and/or Shareholders as the case may be.
- Nominate qualified candidates for Chief Executive Officer and senior management when the position is vacant, and determine the succession planning for positions of Chief Executive Officer and other senior management.
- Provide opportunity for Minority Shareholders to nominate candidates for the Company's Directors by giving appropriate timeframe prior to the Shareholders' Meeting.
- To perform of other tasks as assigned by the Board of Directors.

Nomination of Directors

The Company has appointed the Nomination Committee to consider qualified candidates to replace the Directors whose positions are vacant by rotation or other reasons and to provide opportunity for Minority Shareholders to nominate candidates for the Company's Directors. Candidates are proposed to the Company's Board of Directors for consideration before proposing to the Shareholders' Meeting for approval (on a case-by-case basis). Nevertheless, the Nomination Committee shall consider the knowledge, capability, work experiences, and the overview of the Company's Board of Directors for skills that are still lacking, in order to select the candidates that are most suitable for the position in terms of knowledge, capability, and work experiences which are beneficial for the Company and also in line with the Company business strategy, to be the Directors. The appointed Directors of Asia Aviation shall meet all the requirements specified under Article 68 of Public Limited Companies Act B.E. 2535 (and its amendments) and the notifications by Securities and Exchange Commission, and shall not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations.

Composition and Nomination of the Company's Directors

The composition, appointment, withdrawal and termination of Asia Aviation's Directors shall be as prescribed by the Article of Association which can be summarised as follows:

1. The Board of Directors of Asia Aviation shall consist of at least five Directors to conduct the business of Asia Aviation. Not less than one half of all Directors shall have residence in the Kingdom of Thailand.
2. The appointment of a Director shall be made by a majority vote at the Shareholders' Meeting in accordance with the following conditions and procedures:
 - (1) One ("1") share represents one ("1") vote;
 - (2) Each shareholder shall exercise his or her voting rights according to (1) to elect one or several persons as a Director or Directors, but the shareholder cannot divide his or her votes to any nominated Director in any number;
 - (3) The persons receiving the most votes are those who are elected to be Directors, in descending order, to the number of Directors who are to be appointed. If there is a tie in the last to be elected and this exceeds the said number of Directors, the presiding Chairman shall have an additional casting vote.
3. At every Annual General Meeting, one-third of the total number of the Directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The retiring Directors are eligible for re-election. Thus, the Director who has been in office for the longest term shall retire.
4. Any Director wishing to resign from the Director's position shall submit a resignation letter to Asia Aviation. The resignation shall take effect upon the date on which the resignation letter reaches Asia Aviation.
5. The Shareholders' Meeting may pass a resolution to remove any Director prior to retirement by rotation, by a vote of not less than three-fourths of the number of Shareholders attending the Meeting and having the right to vote, and the shares held by them shall not, in total, be less than one half the number of the shares held by the Shareholders attending the Meeting and having the right to vote.
6. In case of vacancy due to reasons other than expiry of service terms, the Board of Directors shall appoint any candidate who does not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations to fill the position for the next Board of Directors' Meeting unless

the remaining term is less than two months. The replacement Director shall hold the office only for the remaining term of the Director whom he/she replaces.

Composition and Nomination of the Audit Committee

Board of Directors shall appoint at least three members of Audit Committee from Independent Directors whose qualifications meet the requirements per the Notification of the Thai Capital Market Supervisory Board and the Stock exchange of Thailand as follows:

1. Not being a Director authorised by the Board of Directors to make any decision in the business operation of Asia Aviation, its parent company, its subsidiary company, its affiliate company, its subsidiary company at the same level, Major Shareholder or control person of Asia Aviation;
2. Not being a Director of a parent company, its subsidiary company or its subsidiary company at the same level which is a listed company; and
3. Having sufficient knowledge and experience to conduct the duty as an Audit Committee member.

At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements.

Should any of the members of the Audit Committee vacates his or her office by rotation or any other reasons, and leaves the number of less than three committee members, Board of Directors shall appoint a replacement within three months after the office is vacated in order for the Committee to continue their duties without any disruption.

Nomination of Senior Management

In nominating the candidates for Chief Executive Officer and Senior Management members, Executive Member will initially screen the appropriate persons who meet the qualifications holding knowledge, capabilities, skills and experiences beneficial to the Company's operations. Those candidates must understand the Company's businesses well and can manage their functions to attain the goals and objectives set by the Board of Directors. The list of candidates will be proposed to Nomination and Remuneration Committee for their consideration and presented to the Board of Directors for further approval.

Scope of Authority and Responsibilities for Remuneration

1. To determine criteria and the form of payment to the Board of Directors, subcommittees, Chief Executive Officer, which are clear, appropriate and correspond to each person's responsibilities and his/her performance in relation with the business operation, and other relevant factors, while taking into consideration remunerations provided by other leading companies in the Stock Exchange and companies in the same or similar industry.
2. To determine appropriate remuneration for the Board of Directors and subcommittees for the Board of Directors' consideration and propose to the Shareholders' Meeting for approval.
3. To disclose the policy for Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
4. To responsible for other tasks as assigned by the Board of Directors.

Policy on Remuneration and Criteria for each Director's Remuneration

Board of Directors approves the criteria in consideration for remuneration for the Company's Directors as follows:

To determine remuneration for the Board of Directors, the Remuneration Committee shall consider the following guideline:

1. Policy on remuneration for the Board of Directors and Management

The Company has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for Directors in other leading companies in the Stock Market and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors.

Remuneration Committee considers types, forms, and amount of the remuneration for the Board of Directors, subcommittees, Chief Executive Officer. The remuneration for the Board of Directors and subcommittees shall be proposed to the Annual General Meeting of Shareholders for approval every year.

2. Remuneration for the Board of Directors and subcommittees

At the Annual General Meeting of Shareholders 2017, held on April 25, 2017, approved the resolution of the remuneration year 2017 for the Board of Directors and subcommittees as follows:

Monetary Remuneration

- Each Director shall receive the monthly remuneration of Baht 80,000 and Baht 80,000 allowance for each meeting attendance. If there is more than one meeting, each Director shall receive only Baht 80,000 allowance in the month. The Chairman of the Board of Directors shall receive the monthly remuneration of Baht 100,000 and Baht 100,000 allowance for each meeting attendance. If there is more than one meeting, the Chairman shall receive only Baht 100,000 allowance in the month.
- The monthly remuneration for the Audit Committee (in addition to the remuneration as the Directors) shall be Baht 80,000. The Chairman of the Audit Committee shall receive the monthly remuneration of Baht 100,000.
- Upon being appointed by the Board of Directors or the Chairman of the Board to a committee, a sub-committee or a working group, the said Director shall receive an additional remuneration as the meeting allowance for Baht 40,000 per meeting attendance. If there is more than one meeting, each Director shall receive only Baht 40,000 allowance in the month.
- The Board of Directors shall receive the bonus for 0.5% of the dividend and the allocation shall be as specified by the Board of Directors.

Other Remunerations

- Ticket Benefits each Director of Asia Aviation (and his/her family members, meaning spouse and legitimate children) is entitled to one free round-trip ticket for any destination per month, in total twelve tickets in one year. The Directors are entitled to the said benefit only while they are serving their office terms as the Directors of Asia Aviation.

Structure of Directors' Remuneration in 2017

Director	Monetary Remuneration (THB)		
	Monthly	Meeting Allowance	Bonus
Board of Directors			
- Chairman	100,000	100,000	0.5% of the
- Director	80,000	80,000	dividend payment
Audit Committee			
- Chairman	100,000	-	-
- Member	80,000	-	-
Nomination and Remuneration Committee			
- Chairman	-	40,000	-
- Member	-	40,000	-
Executives *			
- Chief Executive Officer	-	-	-
- Member	-	-	-

*Executive members who are members of the Management are not entitled for remuneration as Directors or members of subcommittee.

Monetary remunerations of the four Individual Directors who are not members of the Management are the total of Baht 11.80 million
The remunerations include salary, meeting allowance and bonus as follows:

Name	Position	Director's Remuneration (THB)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
Mr. Arak Chonlatanon	Chairman of the Board of Director / Chairman of the Audit Committee / Nomination and Remuneration Committee	2,702,485	1,200,000	80,000	3,982,485
Mr. Nuttawut Phowborom	Director / Audit Committee / Chairman of Nomination and Remuneration Committee	2,382,485	960,000	80,000	3,422,485
Mr. Kasemsit Pathomsak	Director / Audit Committee / Nomination and Remuneration Committee	2,462,485	960,000	80,000	3,502,485
Mrs. Chananyarak Phetcharat*	Non-Executive Director	890,045	-	-	890,045

* Held a position of director from August 9, 2017 to December 27, 2017

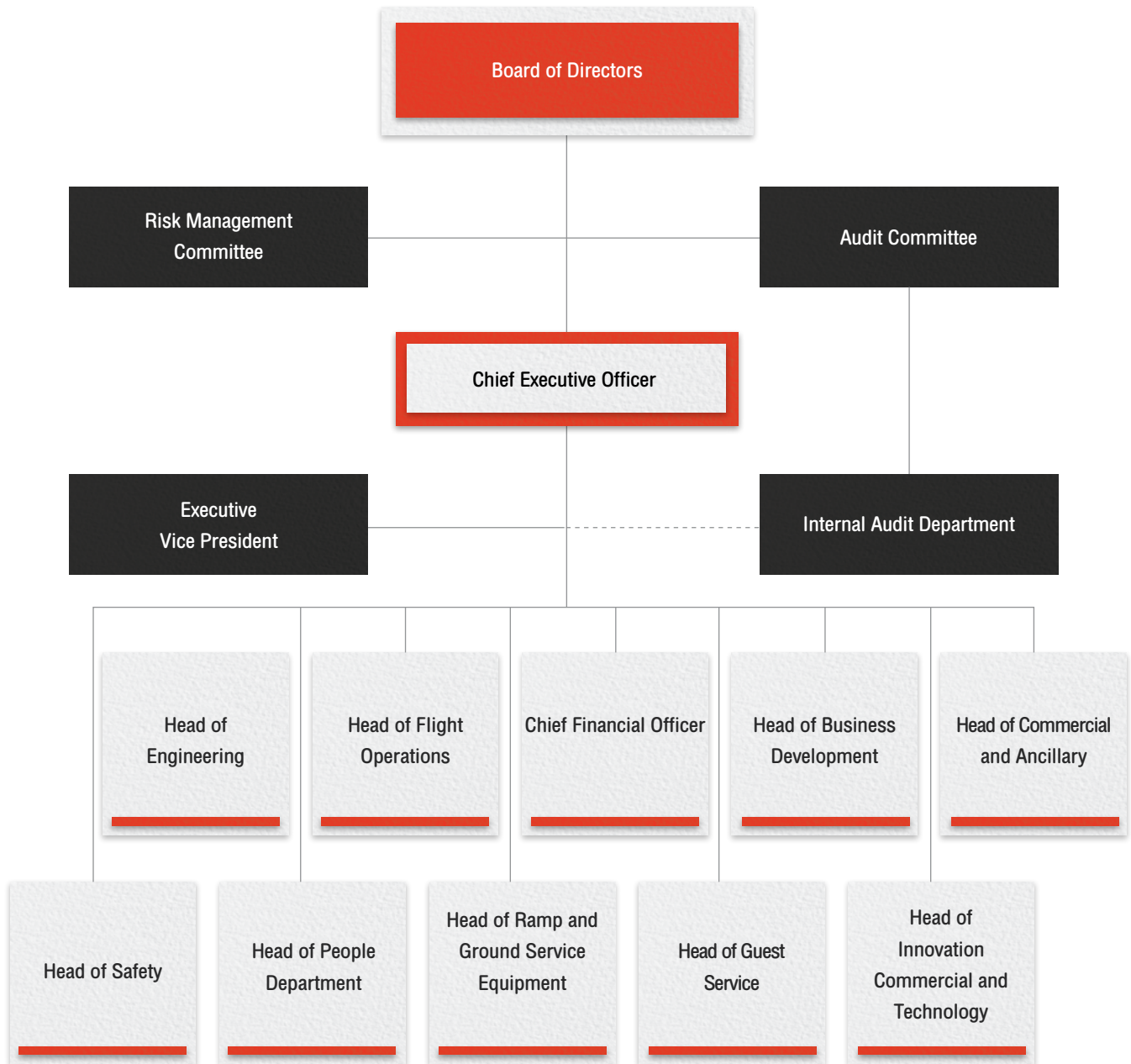
- In 2017, Asia Aviation has not paid remunerations for the Management.

Changes in Shares Held by Board of Directors and Executives in 2017

Name	Position	Number of Shares on December 30, 2016	Number of Shares on January 10, 2018	Increase (Decrease) in the Number of Shares	Share holding (%)
1. Mr. Arak Chonlatanon	Chairman of the Board of Director / Chairman of the Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
2. Mr. Nuttawut Phowborom	Director / Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
3. Mr. Kasemsit Pathomsak	Director / Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
4. Mr. Tassapon Bijleveld	Director / Chief Executive Officer	242,500,000	2,004,088,286	1,761,588,286	41.32
Spouse and minor child	-	-	-	-	-
5. Gp.Capt.Tanapat Ngamplang	Director	*1,200,082	1,200,082	-	0.0392
Spouse and minor child	-	*700,000	700,000	-	-
6. Mr. Preechaya Rasametanin	Director / Director of Engineering	27,000,000	19,000,000	(8,000,000)	0.39
Spouse and minor child	-	-	-	-	-
7. M.L. Bovornovadep Devakula	Director / Director of Business Development	23,351,977	17,351,977	(6,000,000)	0.36
Spouse and minor child	-	-	-	-	-
8. Mr. Santisuk Klongchaiya	Director / Director of Commercial	9,712,091	9,712,091	-	0.20
Spouse and minor child	-	-	-	-	-
9. Mr. Phairat Pomphananangoon	Director	*200,000	200,000	-	0.0041
Spouse and minor child	-	-	-	-	-
10. Mr. Santhat Sanguandikul	Chief Financial Officer	-	-	-	-
Spouse and minor child	-	-	-	-	-

* Amount of holding Company's shares as of the date of Director appointment, December 27, 2017.

MANAGEMENT STRUCTURE OF THAI AIRASIA COMPANY LIMITED AS OF DECEMBER 31, 2017



MANAGEMENT STRUCTURE OF THAI AIRASIA AS A CORE BUSINESS OPERATION

The management structure of Thai AirAsia (“subsidiary”) consists of the Board of Directors and three subcommittees, namely the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee. The details of all the Committees are as follows:

THE BOARD OF DIRECTORS

As of December 31, 2017, Thai AirAsia's Board of Directors consists of 9 directors as follows:

Name	Position
1. Mr. Arak Chonlatanon	Chairman of the Board / Independent Director / Chairman of the Audit Committee
2. Mr. Nuttawut Phowborom	Director / Independent Director / Audit Committee
3. Mr. Tassapon Bijleveld	Director
4. Mr. Santisuk Klongchaiya **	Director
5. Mr. Phairat Pornpathananangoon **	Director
6. Tan Sri Dr. Anthony Francis Fernandes	Director
7. Datuk Kamarudin Bin Meranun	Director
8. Dato' Mohamed Khadar Bin Merican	Director
9. Mrs. Pattra Boosarawongse *	Director

* The Board of Directors' Meeting No. 3/2017, held on November 9, 2017, resolved to appoint Mrs. Pattra Boosarawongse to replace Mr. Stuart L Dean, effective on November 9, 2017.

** The Extraordinary General Meeting of Shareholders No. 1/2017 held on December 27, 2017 resolved to appoint Directors effective on December 27, 2017 details as follows;

1. Mr. Santisuk Klongchaiya is appointed as Director to replace Mr. Aiyawatt Srivaddhanaprabha.
2. Mr. Phairat Pornpathananangoon is appointed as Director to replace Mr. Somchai Dechapanichkul

The Company Secretary is Ms. Nisres Distes

Authorised Directors

“(i) Mr. Tassapon Bijleveld jointly signing with Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananangoon or Mrs. Pattra Boosarawongse, totaling two persons with an affixation of the Company's seal or
(ii) Mr. Santisuk Klongchaiya or Mr. Phairat Pornpathananangoon or Mrs. Pattra Boosarawongse, any two of these three Directors jointly signing with any one of Tan Sri Dr. Anthony Francis Fernandes or Dato Kamarudin Bin Meranun, totalling three persons, with an affixation of the Company's seal.”

Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors of Thai AirAsia shall manage Thai AirAsia in accordance with the law, objectives, articles of association and

resolutions of Shareholders' Meeting in an honest and prudent manner in best interests of Thai AirAsia and its Shareholders. Scope of duties and responsibilities of Thai AirAsia's Board of Directors are as follows:

1. Announce dividend payments or other payments in the same nature as dividends to Shareholders.
2. Propose any increase and/or decrease and/or other alteration to the registered capital and authorised capital by the Company or the issue of any new class of shares in the share capital of the Company or the issue of any securities or convertible instruments by the Company.
3. Propose any amendment in the Memorandum and/or Articles of Association of the Company.
4. To approve and to change or adjust the Company's business plans and/or budgets for any fiscal year.
5. To approve any business operation or legal transaction of over Baht 100,000,000 (One Hundred Million Thai Baht) in total, except cases that have already been specified in the Company's approved budgets.
6. Change the structure of the Company or the merger with or acquisition of other company, association, partnership, or any other legal entity.
7. Change the nature or scope of business of the Company at the time, which is not coherent or related to the scope of or the nature of business of the Company.
8. Appoint or dismiss Senior Management and to approve any contract concerning employment regulations or remuneration and benefits of Directors or senior human resources of the Company, or any amendment in the aforementioned matters.
9. The sale, transfer or disposal of any substantial part of business, assets or properties of the Company, including the issuance of any fixed or variable obligation or right of retention mortgage, guarantee, or any other obligation over Company's assets or properties.
10. Any financial transaction of the Company, including any existing and future loan, debt or account payable or other loan obligation (or debt or account payable or any other loan obligation), or the Company entering into any guarantee contract which results in debt, with the total value of over Baht 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency, except cases that have already been specified in the Company's approved budgets.
11. Capital expenditure or capital obligation, or capital expenditure or successive capital debt obligation the total value of over Baht 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency in any fiscal year, except cases that have already been specified in the Company's approved budgets.
12. Change auditor, fiscal year, or significant accounting policies of the Company.

13. Enter into any hedging transaction to hedge against fluctuation of the Company's investment, assets or liabilities with the total value of over Baht 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency, except cases that have already been specified in the Company's approved budgets.
14. Approve the Company's Authority Limit.

Board of Directors' Meeting

The followings are the details of attendance of the Board of Directors' Meeting in 2017:

Name	No. of Attendance/ Total Meeting
2017	
1. Mr. Arak Chonlatanon	4/4
2. Mr. Nuttawut Phowborom	4/4
3. Mr. Tassapon Bijleveld	4/4
4. Mr. Santisuk Klongchaiya **	0/4
5. Mr. Phairat Pornpathananangoon **	0/4
6. Tan Sri Dr. Anthony Francis Fernandes	1/4
7. Datuk Kamarudin Bin Meranun	2/4
8. Dato' Mohamed Khadar Bin Merican	3/4
9. Mrs. Pattra Boosarawongse *	0/4

* The effective date of Director appointment was on November 9, 2017.

** The effective date of Director appointment was on December 27, 2017.

AUDIT COMMITTEE

Thai AirAsia's Audit Committee comprises two independent Directors and has the qualifications that meet the requirement of the Thai Capital Market Supervisory Board. As of December 31, 2017, Thai AirAsia's Audit Committee is as follows:

Name	Position
1. Mr. Arak Chonlatanon	Chairman of Audit Committee
2. Mr. Nuttawut Phowborom	Audit Committee

Mr. Nuttawut Phowborom has sufficient knowledge and experience to review the reliability of the financial statements of the Company.

The Secretary to the Company's Audit Committee is Ms. Duangporn Tantiwivat.

Term of Positions

Members of the Audit Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Audit Committee's Meeting

The followings are the details of attendance of the Audit Committee's Meeting in 2017:

Name	No. of Attendance / Total Meeting
1. Mr. Arak Chonlatanon	3/3
2. Mr. Nuttawut Phowborom	3/3

Scope of Duties and Responsibilities of the Audit Committee

Scope of duties and responsibilities of the Audit Committee are the same as those of Asia Aviation (please see the details under the same section for Asia Aviation).

RISK MANAGEMENT COMMITTEE

As Asia Aviation operates its business by holding shares in Thai AirAsia which is its subsidiary that operates the core business for the Company, therefore, risk management system has been established for Thai AirAsia. As of December 31, 2017, Thai AirAsia's Risk Management Committee consists of six directors as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Chairman of Risk Management Committee
2. Mr. Santhat Sanguandikul	Risk Management Committee
3. Gp. Capt. Surapun Patoomwat	Risk Management Committee
4. Mr. Banyat Hansakul	Risk Management Committee
5. M.L. Bovornovadep Devakula	Risk Management Committee
6. Mr. Santisuk Klongchaiya	Risk Management Committee

Scope of Duties and Responsibilities of the Risk Management Committee

1. Set risk management policies to cover all risks from business operation.

2. Consider and approve risk management plans.
3. Appoint risk management working groups as necessary to support risk management working groups for human resources, budgets, and other resources, in line with areas of responsibilities.
4. Follow-up the risk management procedures systematically from the start of the process to identify risks to the analysis and evaluation and report.
5. Provide advisory support to units within the organisation regarding risk management procedures with twice a year follow up and evaluation.
6. Continually report to Board of Directors / Audit Committee regarding risks and significant risk management.

EXECUTIVES

As of December 31, 2017, the list of Thai AirAsia's Executives is as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Chief Executive Officer
2. Mr. Preechaya Rasametarin	Executive Vice President
3. Mr. Santhat Sanguandikul	Chief Financial Officer
4. M.L. Bovornovadep Devakula	Head of Business Development
5. Mr. Santisuk Klongchaiya	Head of Commercial and Ancillary
6. Gp. Capt. Surapun Patoomwat	Head of Flight Operations
7. Mr. Banyat Hansakul	Head of Engineering
8. Mrs. Thiladee Pantumchinda	Head of People Department
9. Mr. Suwit Srisarakam	Head of Ramp and Ground Service Equipment
10. Miss Witchunee Kuntapeng	Head of Guest Service
11. Mr. Pipat Khunprakan	Head of Innovation Commercial and Technology
12. Mr. Thatri Kwansang	Head of Safety

Executives means a Director, Manager or a person holding a Management-level-position of the first four ranking below the Manager, a person holding a position equivalent to the person holding a Management-level-position of the fourth ranking, including a person holding a Management-level-position in an accounting or finance department at the level of Manager of the department or higher or an equivalent position.

Duties and Responsibilities of the Chief Executive Officer

1. Responsible for administering Thai AirAsia's business and/or day-to-day operation to be in line with the policies, business strategies, objectives, business plans, financial goals, and budgets of Thai AirAsia as authorised by the Board of Directors of Thai AirAsia and/or resolutions of the Shareholders' Meeting.
2. Establish organisation structure and administrative procedures, including recruitment, training, dismissal, and remuneration, compensation, bonus and other benefits for employees.
3. Monitor and report situation and performance of Thai AirAsia and to propose alternatives and strategies in accordance to policies and market situation.
4. Manage and control all areas of operation for Thai AirAsia including finance, risk management, internal control, business operations and support functions, and human resources.
5. Represent Thai AirAsia and be designated as authorised person in liaising with government agencies and other organisations.
6. Oversee communication activities with the public, stakeholders, customers, and staff members in order to promote image and reputation of Thai AirAsia.
7. Authorise the establishment, amendment, and modification of the employment rules and regulations for Thai AirAsia such as recruitment, dismissal, and employee regulations, as well as remuneration and other compensation, and benefits.
8. Consider, negotiate, and approve legal transactions, and/or and business operation activities, and/or daily business administration of Thai AirAsia within the Authority Limits approved by the Board of Directors of Thai AirAsia.
9. To be responsible and designated as assigned or according to policies assigned by the Board of Directors of Thai AirAsia.

The Chief Executive Officer may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of the Chief Executive Officer shall not provide Chief Executive Officer or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with Thai AirAsia or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Shareholders' Meeting or Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE

Thai AirAsia's Board of Directors has approved the appointment of the Nomination and Remuneration Committee, which comprises of three committee members as follows:

Name	Position
1. Mr. Nuttawut Phowborom	Chairman of the Nomination and Remuneration Committee
2. Mr. Arak Chonlatanon	Nomination and Remuneration Committee
3. Mr. Tassapon Bijleveld	Nomination and Remuneration Committee

Term of Positions for Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Nomination and Remuneration Committee's Meeting

The followings are the details of attendance of Nomination and Remuneration Committee's Meeting in 2017:

Name	No. of Attendance/ Total Meeting
1. Mr. Nuttawut Phowborom	1/1
2. Mr. Arak Chonlatanon	1/1
3. Mr. Tassapon Bijleveld	1/1

Scope of Authority and Responsibilities for Nomination

- To determine the structure, size, and composition of the Board of Directors to be suitable for the organisation and its changing environment.
- To determine guidelines and policies on nominating the Board of Directors and subcommittee members and consider qualified candidates to replace those who are vacating the office, then propose the matters for approval by Board of Directors and/or Shareholders as the case may be. The nomination of the Company's Directors shall be considered from candidates proposed by Shareholders Group A and/or Shareholders Group B as specified in the Company's Articles of Association.
- To nominate qualified candidates to become Chief Executive Officer and Senior Management in case of vacancy, and determine the succession plan for positions of Chief Executive Officer and Senior Management.
- To perform of other tasks as assigned by the Board of Directors.

Nomination of Directors

The Company has appointed the Nomination Committee to consider qualified candidates to replace the Directors whose positions are vacant by rotation or other reasons, in consideration of candidates proposed by Shareholders Group A and/or Shareholders Group B as specified in the Company's Articles of Association. Candidates shall be proposed to the Company's Board of Directors for consideration before approval from Shareholders (on a case-by-case basis). Nevertheless, the Nomination Committee shall consider the knowledge, capability, work experiences, and the overview of the Company's Board of Directors for skills that are still lacking, in order to select the candidates that are most suitable for the position in terms of knowledge, capability, and work experiences which are beneficial for the Company and also in line with the Company business strategy, to be the Directors. The appointed Directors of Thai AirAsia shall meet all the requirements specified under Article 68 of Public Limited Companies Act B.E. 2535 (and its amendments) and the notifications by Securities and Exchange Commission, and shall not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations.

The Composition and appointment of the Company's Directors

The composition, appointment, withdrawal and termination of Thai AirAsia's Directors shall be as prescribed by the Article of Association which can be summarised as follows:

- Thai AirAsia's Board of Directors comprises of not more than nine Directors. Number of Directors are nominated as follows:
 - Four Directors or less shall be nominated by Group A Shareholders ("Group A Directors")
 - Five Directors or less shall be nominated by Group B Shareholders ("Group B Directors")

Remark: Group A Directors are the Directors nominated by AirAsia Investment and appointed as Directors.
Group B Directors are the Directors nominated by Asia Aviation and appointed as Directors.
- At every Annual General Meeting, one-third of the total number of the Directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The retiring Directors are eligible for re-elected.

In case of vacancy due to reasons other than by rotation, the Board of Directors shall appoint any candidate from the same Shareholder Group as the recently vacated Director to fill the position. The replacement Director shall retain the office only for the remaining term of the Director whom he/she replaces.

The Composition and appointment of the Audit Committee

Thai AirAsia's Board of Directors shall appoint members of Audit Committee from Independent Directors whose qualifications meet the requirements per the Notification of the Thai Capital Market Supervisory Board and the Stock Exchange of Thailand as follows:

1. Not being a Director authorised by the Board of Directors to make any decision in the business operation of Thai AirAsia, its parent company, its subsidiary company, its affiliate company, its subsidiary company at the same level, Major Shareholder or control person of Thai AirAsia;
2. Not being a Director of a parent company, its subsidiary company or its subsidiary company at the same level which is a listed company;
3. Having sufficient knowledge and experience to conduct the duty as an Audit Committee member; and

At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements of Thai AirAsia.

Nomination of Senior Management

In nominating the candidates for Chief Executive Officer and Senior Management members, Executive Member will initially screen the appropriate persons who meet the qualifications holding knowledge, capabilities, skills and experiences beneficial to Thai AirAsia's operations. Those candidates must understand Thai AirAsia's businesses well and can manage their functions to attain the goals and objectives set by the Board of Directors. The list of candidates will be proposed to Nomination and Remuneration Committee for their consideration and presented to the Board of Directors for further approval.

Scope of Authority and Responsibilities for Remuneration

1. To determine criteria and the form of payment to the Board of Directors and subcommittees, which are clear, appropriate and correspond to each person's responsibilities and his/her performance in relation with the business operation, and other relevant factors, while taking into consideration remunerations provided by other leading companies in the Stock Exchange and companies in the same or similar industry.
2. To determine appropriate remuneration for the Board of Directors and subcommittees for the Board of Directors' consideration and propose to the Shareholders' Meeting for approval.
3. To disclose the policy for Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
4. To responsible for other tasks as assigned by the Board of Directors.

Policy on Remuneration and Criteria for Each Director's Remuneration

Board of Directors approves the criteria in consideration for remuneration for Thai AirAsia's Directors as follows:

To determine remuneration for the Board of Directors, the Remuneration Committee shall consider the following guideline:

1. Policy on remuneration for the Board of Directors

Thai AirAsia has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for Directors in other leading companies in the Stock Exchange and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors.

Remuneration Committee shall considers types, forms, and amount of the remuneration for the Board of Directors and subcommittees. The remuneration for the Board of Directors and subcommittees shall be proposed to the Board of Director Meeting and Annual General Meeting of Shareholders for approval.

2. Remuneration for the Board of Directors and subcommittees

At the Annual General Meeting of Shareholders 2017, held on April 25, 2017, the resolution was to approve the remuneration for the Board of Directors and subcommittees as follows:

Monetary Remuneration

- Each Director shall receive Baht 80,000 allowance for each meeting attendance. The Chairman of the Board of Directors shall receive Baht 100,000 allowance for each meeting attendance.
- Members of the Audit Committee receive a meeting allowance equivalent to that of meeting allowance of Board members.
- Upon being appointed by the Board of Directors or the Chairman of the Board to a committee, a sub-committee or a working group, the said Director shall receive an additional remuneration as the meeting allowance for Baht 40,000 per meeting attendance. If there is more than one meeting, each Director shall receive only Baht 40,000 allowance in the month.

Structure of Directors' Remuneration in 2017

Director	Monetary Remuneration (THB)		
	Monthly	Meeting Allowance	Bonus
Board of Directors			
- Chairman	-	100,000	-
- Director	-	80,000	-
Audit Committee			
- Chairman	-	100,000	-
- Member	-	80,000	-
Nomination and Remuneration Committee			
- Chairman	-	40,000	-
- Member	-	40,000	-
Executive*			
- Chief Executive Officer	-	-	-
- Member	-	-	-

* Executive members who are members of the Management are not entitled for remuneration as Directors or members of sub-committee.

Monetary remunerations of the three individual Directors who are not members of the Management are the total of Baht 1.66 million. The remunerations include meeting allowance as follows:

Name	Position	Director's Remuneration (THB)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
Mr. Arak Chonlatanon	Chairman of the Board of Director / Chairman of the Audit Committee / Nomination and Remuneration Committee	400,000	300,000	40,000	740,000
Mr. Nuttawut Phowborom	Director / Audit Committee / Chairman of Nomination and Remuneration Committee	320,000	240,000	40,000	600,000
Dato' Mohamed Khadar Bin Merican	Non-Executive Director	320,000	-	-	320,000

In 2017, Thai AirAsia has paid remunerations for Chief Executive Officer and 12 members of the Management in total of Baht 137.10 million in the forms of salaries and bonuses.

- The aforementioned policy on Directors' remuneration in 2017 is the same as the policy in 2016.

HUMAN RESOURCES AND TRAINING

GENERAL INFORMATION

Asia Aviation

All employees of Asia Aviation had been transferred to Thai AirAsia since December 31, 2011:

Thai AirAsia

The number of employees as of December 31, 2017 was 4,992 persons and could be categorised by responsibility and geography as follows:

Responsibility	December 31, 2017
Pilot and Co-Pilot	632
Flight Attendant	1,132
Ground Operation	2,031
Engineer	442
Marketing	220
Head Office	168
Others	367
Total	4,992

Geography	December 31, 2017
Bangkok	3,585
Phuket	328
Chiang Mai	383
Hat Yai	142
Krabi	150
U-Tapao	138
Others	266
Total	4,992

Asia Aviation and Thai AirAsia are aware of the necessity of uninterrupted management of Thai AirAsia in order to maintain the competitive advantages Thai AirAsia has over its competitors. Therefore, Directors of Asia Aviation and Thai AirAsia believe that the continual success of Thai AirAsia depends on many factors, including the support and dedication of the Management of Asia Aviation and Thai AirAsia. Consequently, Asia Aviation and

Thai AirAsia have adjusted their human resource strategies, including competitive remuneration, recruitment process that aligns with the objectives, and development and succession plans.

The loss of any key human resource may significantly cause a negative impact for Asia Aviation and Thai AirAsia. This results in the effort of Thai AirAsia to motivate and retain its staff members by motivation plans on the basis of operating outcome and skill enhancement with staff training. Thai AirAsia has regularly encouraged its employees to participate in seminars and trainings to facilitate related skill and capability enhancement (both in term of operation and development) in alignment with the business objectives. Employee training is an important path to transfer knowledge of experts toward new or low-level employees. Investment in human resources increases the capability of Thai AirAsia's employees and prepares middle- or low-level employees to take on responsibilities of more Senior Management respectively.

LABOR DISPUTE DURING THE LAST THREE YEARS

- There has been no significant labour dispute during the last three years.-

REMUNERATION FOR HUMAN RESOURCES

Overall Remuneration for Employees

Asia Aviation

For the year 2017, Asia Aviation did not have remuneration for employees because all Asia Aviation's employees had been transferred to Thai AirAsia since 31 December 2011.

Thai AirAsia

For the year 2017, Total remuneration for Thai AirAsia's employees includes salary, bonuses, overtime, provident funds and other compensation was Baht 5,459.06 million.

Provident Fund

Asia Aviation and Thai AirAsia have set up a provident fund in accordance to the Provident Fund Act B.E. 2530 (and its amendments). Asia Aviation and Thai AirAsia contribute 3 - 10% of salaries to the provident fund and employees contribute 3 - 15% of their salaries. However, Asia Aviation does not have any employee.

STAFF DEVELOPMENT

Training

Pilot

All student pilots of Thai AirAsia enroll for domestic trainings at Bangkok Aviation Center Co., Ltd (BAC). BAC provides modern and advanced equipment and is certified by Federal Aviation Administration (FAA), Joint Aviation Requirements (JAR) and Civil Aviation Authority of Thailand (CAAT). BAC offers aviation trainings which are approved a standard. Thai AirAsia grants an equal opportunity in student pilot recruitment. Employees from other departments can also apply. Student pilots usually finish their trainings in one year and continue with flight stimulator training for Airbus A320 aircraft. Thai AirAsia provides financial support for the trainings for student pilots, in return for the employment contract of ten years with Thai AirAsia. In addition, Thai AirAsia also recruits experienced pilots from other carriers. The number of pilots will increase to 855 pilots by 2018.

Newly recruited pilots of Thai AirAsia who have not been trained for specific aircrafts will be required to take part in the said trainings first. Trainings for specific aircrafts are the categorising system to allow each pilot to specialise in one type of aircraft specially. Currently pilots are trained with Airbus A320 Flight Simulator, operated by Asian Aviation Centre of Excellence in Kuala Lumpur.

Cabin Crew

The 60-day (inclusive of holidays) cabin crew training projects are held at Asian Aviation Centre of Excellence in Kuala Lumpur and at the office of Thai AirAsia in Bangkok. All the trainings are facilitated by cabin crew and pilot trainers of Thai AirAsia. All the trainings cover safety operation in emergency, first aid, cabin familiarisation, public announcement, grooming, and customer services and selling skills for products on the flight. The safety factors and regulations for this project are certified by the Department of Civil Aviation.

Cabin crew shall be able to communicate in English and take part in regular trainings, for example, organisational resources management training, dangerous good management training, training to handle passengers with inappropriate manners, and terrorist identification training. Additionally, cabin crew shall also participate in the revision training for safety procedures in emergency and first aid training every year.

Ground Staff

All ground personnel shall take part in customer service training at Asian Aviation Centre of Excellence in Kuala Lumpur, which covers ticket reservation and check-in procedures of Thai AirAsia, baggage claim procedures, and customer services. Ground staff are taking part in year-round trainings, for example, dangerous good identification, first aid, and bomb threat handling.

Ground personnel also need to participate in ramp training for two to three weeks, which covers driving on the apron, cargo loading and cargo transfer, air traffic signaling, aircraft towing, apron safety, and safety procedures. Moreover, newly recruited employees also need to learn civil aviation regulations, aircraft maps, and vehicle movement regulations in the airport. In addition, Thai AirAsia provides training course (Supervisory Skills for Team Leader) to Ramp Team Leader to increase their management skill.

Engineer

All engineers of Thai AirAsia shall take part in training at Asian Aviation Centre of Excellence in Kuala Lumpur. The training takes 52 days with three-month on-the-job training before a test by the Quality Assurance Department of Thai AirAsia. Nevertheless, Thai AirAsia is offering a commitment for an employment of two years in return. Engineers at Thai AirAsia are stationed at Thai AirAsia's flight centers in Bangkok (Don Mueang), Phuket, Chiang Mai, Hat Yai, Krabi and Pattaya (U-Tapao).



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Director and Management Profiles

ASIA AVIATION PUBLIC COMPANY LIMITED

As of December 31, 2017

Mr. Arak Chonlatanon

Chairman of the Board /
Chairman of the Audit Committee /
Nomination and Remuneration
Committee

The date of appointment

November 1, 2012

Age (years) 67

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Bachelor Degree in Electronic Engineering, Chulalongkorn University
- Thailand Energy Academy (TEA 1/2012)
- The Capital Market Academy (CMA 9)
- Directors Certification Program (DCP 106), Thai Institute of Directors Association
- The National Defence College of Thailand (NDC 4515)
- Advance Management Program (AMP 153),
- Graduate School of Business Administration Harvard University

5 years past and present work experience

Period	Position	Company
2012 - present	Chairman of the Board / Chairman of the Audit Committee / Nomination and Remuneration Committee	Asia Aviation Plc.
2013 - present	Chairman of the Board / Chairman of the Audit Committee / Nomination and Remuneration Committee	Thai Airasia Co.,Ltd.
2014 - present	Director	Smartflow Co.,Ltd.
2014 - present	Director	IV Global Securities Plc.
2014 - present	Director	A T E Co.,Ltd.
2012	Minister	Ministry of Energy
2011 - 2012	Member of the Board of Director	Mass Rapid Transit Authority of Thailand

Director / Management Position in other companies

Listed Company - None -

Non-listed Company

- Thai AirAsia Co., Ltd.

- IV Global Securities Plc.

- Smartflow Co.,Ltd.

- A T E Co.,Ltd.

Other company that compete with/relate to the Company

- None -

Mr. Nuttawut Phowborom

Director /
Audit Committee /
Chairman of Nomination and
Remuneration Committee

The date of appointment

December 13, 2011

Age (years) 54

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Master of Business Administration General Management, City University, USA
- Bachelor Degree of Economics, The University of the Thai Chamber of Commerce
- Director Accreditation Program (DAP 28), Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP 4), Thai Institute of Directors Association (IOD)
- Role of the Compensation Committee (RCC 6), Thai Institute of Directors Association (IOD)

5 years past and present work experience

Period	Position	Company
2011 - present	Director / Audit Committee / Chairman of Nomination and Remuneration	Asia Aviation Plc.
2011 - present	Director / Audit Committee / Chairman of Nomination and Remuneration	Thai AirAsia Co., Ltd.
2017 - present	Director	KPN-KEPPEL ALLIANCE (SK19) Co., Ltd.
2017 - present	Director	KPN-KEPPEL ALLIANCE (SK28) Co., Ltd.
2017 - present	Director	Food Capitals Plc.
2016 - present	Director / Group Chief Executive Officer	KPN Group Corporation Co., Ltd.
2016 - present	Director / Chief Executive Officer	KPN Land Co.,Ltd
2016 - present	Director	Watabak Wind Co.,Ltd
2015 - present	President	Wind Energy Holding Co., Ltd
2015 - present	Director	KPN Healthcare Plc.
2015 - present	Director	KPN Holding Co., Ltd
2014 - present	Director / Vice Chairman	KPN Chinese Academy Co., Ltd.
2014 - present	Director / Vice Chairman	KPN Music Academy Co., Ltd.
2014 - present	Director	Innovative Learning and Design (Thailand) Co., Ltd.
2013 - present	Audit Committee / Independent Director	Finansa Plc.
2013 - present	Director / Vice Chairman	KPN Academy Co., Ltd.
2013 - present	Director / Vice Chairman	KPN Tutoring Co., Ltd.
2010 - present	Executive Director	Eastern Cuisine (Thailand) Co., Ltd.
2010 - present	Executive Director	KPN Music Co., Ltd.
2009 - present	Director	KPN Award Co., Ltd.
2007 - present	Director	K.N. and Associates Co., Ltd.
2006 - present	Director	KPN Music & Entertainment Co., Ltd.
2002 - present	Chairman	Siam Koi Co., Ltd.
1996 - present	Chief Financial Officer	KPN Group Corporation Co., Ltd.
Present	Director	CBNP (Thailand) Co., Ltd.
Present	Director	Dudu Nong Co., Ltd.
Present	Director	K.E.C.International Co., Ltd.
Present	Director	KPN Innovation Co., Ltd.
Present	Director	KPN Lifestyle Co., Ltd.
Present	Director	KPN Marine Co., Ltd.
Present	Director	KPN Sakaguchi Co., Ltd.
Present	Director	K.P.N.Tower Co., Ltd.
Present	Director	K P N Trading Co., Ltd.

5 years past and present work experience (Cont'd)

Period	Position	Company
Present	Director / Vice Chairman	Penta Systems Co., Ltd.
Present	Director	Siam Chiangmai Co., Ltd.
Present	Director	Sport Society Co., Ltd.
Present	Director / Vice Chairman	Siam Wilson Learning Co., Ltd.
2014 - 2017	Director / Vice Chairman	KPN Tutoring Academy Co., Ltd.
2013 - 2017	Executive Director	INT Aviation Co., Ltd.
2013 - 2017	Executive Director	KPN Golf Academy Co., Ltd.
2010 - 2017	Audit Committee / Independent Director	Matching Maximize Solution Plc.
2014 - 2015	Chief Executive Officer	KPN Group Corporation Co., Ltd.
2010	Chief Operating Officer	KPN Group Corporation Co., Ltd.
2008 - 2016	Director	KPN Music Room Co., Ltd.
2008 - 2016	Director	KPN Music Siam Square Co., Ltd.
2008 - 2014	Director	KPN Music Chiangmai Co., Ltd.
2006 - 2014	Director	Computer and Consultant Services Co., Ltd.
2006 - 2014	Director	PS Business Trading Corp.,Ltd.
2006 - 2014	Director	MB Business Trading Corp.,Ltd.
2006 - 2014	Director	Siam Khonkaen Co., Ltd.
2003 - 2012	Audit Committee	Prasit Pattana Plc.
2003 - 2012	Independent Director / Chairman of the Remuneration Committee	Phayathai Hospital 1,2,3

Director / Management Position in other companies

Listed Company - Finansa Plc. - Food Capitals Plc.

Non-listed Company

- Thai AirAsia Co., Ltd.
- KPN-KEPPEL ALLIANCE (SK19) Co., Ltd.
- KPN-KEPPEL ALLIANCE (SK28) Co., Ltd.
- KPN Group Corporation Co., Ltd.
- KPN Land Co.,Ltd
- Watabak Wind Co.,Ltd
- Wind Energy Holding Co., Ltd
- KPN Healthcare Plc.
- KPN Holding Co., Ltd
- KPN Chinese Academy Co., Ltd.
- KPN Music Academy Co., Ltd.
- Innovative Learning and Design (Thailand) Co., Ltd.
- KPN Academy Co., Ltd.
- KPN Tutoring Co., Ltd.
- Eastern Cuisine (Thailand) Co., Ltd.
- KPN Music Co., Ltd.
- KPN Award Co., Ltd.
- K.N. and Associates Co., Ltd.
- KPN Music & Entertainment Co., Ltd.
- Siam Koi Co., Ltd.
- KPN Group Corporation Co., Ltd.
- CBNP (Thailand) Co., Ltd.
- Dudu Nong Co., Ltd.
- K.E.C.International Co., Ltd.
- KPN Innovation Co., Ltd.
- KPN Lifestyle Co., Ltd.
- KPN Marine Co., Ltd.
- KPN Sakaguchi Co., Ltd.
- K.P.N.Tower Co., Ltd.
- K P N Trading Co., Ltd.
- Penta Systems Co., Ltd.
- Siam Chiangmai Co., Ltd.
- Sport Society Co., Ltd.
- Siam Wilson Learning Co., Ltd.

Other company that compete with/relate to the Company

- None -

Mr. Kasemsit Pathomsak

Director /
Audit Committee /
Nomination and Remuneration
Committee

The date of appointment

November 9, 2016

Age (years) 47

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Owner/President Management Executive Program, Harvard Business School, Harvard University, Massachusetts, USA
- Master of Science in Finance, Bentley College, Massachusetts, USA
- Bachelor of Science in Business Administration, Northeastern University, Massachusetts, USA
- Director Accreditation Program (DAP 48), Thai Institute Of Directors Association (IOD)
- Director Certification Program (DCP 175), Thai Institute Of Directors Association (IOD)
- Audit Committee Program (ACP 32), Thai Institute Of Directors Association (IOD)
- Monitoring the System of Internal Control and Risk Management (MIR 9), Thai Institute Of Directors Association (IOD)
- The Capital Market Academy (CMA 9), The Stock Exchange of Thailand

5 years past and present work experience

Period	Position	Company
2016 - present	Director / Audit Committee / Nomination and Remuneration Committee	Asia Aviation Plc.
2016 - present	Director	National Power Supply Plc.
2014 - present	Director	K VENTURE Co., Ltd.
2014 - present	Director	MAYWEATHER GROUP Co., Ltd.
2012- present	Chairman of Audit / Corporate Governance Committee	Christiani & Nielsen (Thai) Plc.
2012 - present	Director and Deputy Secretary General	Board of Trade of Thailand and The Thai Chamber of Commerce
2010 - present	Director	UOB Kay Hian Securities (Thailand) Plc.
2005 - present	Chairman	International Chamber of Commerce Thailand National Committee
2005 - present	President & Chief Executive Officer	Merchant Partners Asset Management Limited
2005 - present	Executive Chairman	Merchant Partners Securities Plc.

Director / Management Position in other companies

Listed Company

- Christiani & Nielsen (Thai) Plc.
- UOB Kay Hian Securities (Thailand) Plc.

Non-listed Company

- National Power Supply Plc.
- K VENTURE Co., Ltd.
- MAYWEATHER GROUP Co., Ltd.
- Board of Trade of Thailand and The Thai Chamber of Commerce
- Merchant Partners Securities Plc.
- Merchant Partners Asset Management Limited
- International Chamber of Commerce Thailand National Committee

Other company that compete with/relate to the Company

- None -

Mr. Tassapon Bijleveld

Director /

Chief Executive Officer

(The director who is authorised to sign on behalf of the Company)

The date of appointment

June 21, 2007

Age (years) 51

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

41.32

Relationship with other Management²

- None -

Education

- Master Degree of Science Thammasart University, Master in Marketing Program
- Bachelor Degree of Business Administration Major in Marketing, Assumption University (ABAC)
- Director Certification Program (DCP 148), Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP 81), Thai Institute of Directors Association (IOD)
- The Capital Market Academy (CMA 13)

5 years past and present work experience

Period	Position	Company
2007 - present	Director / Chief Executive Officer	Asia Aviation Plc.
2004 - present	Director / Chief Executive Officer	Thai AirAsia Co., Ltd.
2018 - present	The Chairman of the Board	Three Sixty Five Plc.
2017 - present	Director	Kampee Corporation Co., Ltd.
2017 - present	Director	Kampee Logistics Co., Ltd.
2016 - present	Director	Suadam Corporation Co., Ltd.
2014 - present	Director	Tune Insurance Plc.
2013 - present	Director	Thai AirAsia X Co., Ltd.
2013 - present	Director	Ivory Coffee Co., Ltd.
2012 - present	Director	Evermore Asset Co., Ltd.
2010 - present	Director	Wealth Ventures Co., Ltd.
2015 - 2017	Director	Accellence (Thailand) Co., Ltd.
2015 - 2017	Director	Information Technology Group Co., Ltd.
2015 - 2016	Director	C and A Entertainment Co., Ltd.
2015 - 2016	Director	Ample Wealth Co., Ltd.
2015	Director	C True Co.,Ltd.
2014 - 2016	Director	Fashion Asia Co., Ltd.
2011 - 2014	Director	Dontree Leela Carabao Co., Ltd.
2011 - 2013	Director	Patty & Praemai Co., Ltd.
2010 - 2013	Director	J J Siampattana Co., Ltd.
2006 - 2013	Director	AirAsia Go Holiday Co., Ltd.

Director / Management Position in other companies

Listed Company - Three Sixty Five Plc.

Non-listed Company

- Thai AirAsia Co., Ltd.
- Kampee Corporation Co., Ltd.
- Kampee Logistics Co., Ltd.
- Suadam Corporation Co., Ltd.
- Tune Insurance Plc.
- Thai AirAsia X Co., Ltd.
- Ivory Coffee Co., Ltd.
- Evermore Asset Co., Ltd.
- Wealth Ventures Co.,Ltd.

Other company that compete with/relate to the Company

- None -

Gp. Capt. Tanapat Ngamplang

Director

(The director who is authorised to sign on behalf of the Company)

The date of appointment

December 27, 2017

Age (years) 61

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.0392

Relationship with other Management²

- None -

Education

- Master of Business Administration in International Business, Krirk University
- Bachelor of Art in Public Administration, Sukhothai Thammathirat Open University
- Bachelor of Science in Electrical Engineering, Royal Thai Air Force Academy
- The National Defence College of Thailand (NDC 5222)
- Air Command and Staff course 1993
- Flying Safety Officers' Course of Royal Australia Airforce 1988
- Squadron Officer course 1987
- Flight instructor course 1982
- Flight navigator course 1981
- Royal Thai Air force pilot course 1980
- Directors Certification Program (DCP 143), Thai Institute of Directors Association (IOD)
- Financial Statement for Directors class 11/2011, Thai Institute of Directors Association (IOD)

5 years past and present work experience

Period	Position	Company
2017 - present	Director	Asia Aviation Plc.
2016 - present	Consultant	Thai AirAsia Co., Ltd.
2014 - 2016	Executive Vice President	Thai AirAsia Co., Ltd.
2007 - 2016	Director/ Director of Flight Operations	Asia Aviation Plc.
2003 - 2014	Head of Flight Operations	Thai AirAsia Co., Ltd.
2008 - 2011	Director	Thai AirAsia Co., Ltd.

Director / Management Position in other companies

Listed Company - None -

Non-listed Company

- Thai AirAsia Co., Ltd.

Other company that compete with/relate to the Company

- None -

Mr. Preechaya Rasametnin

Director /

Director of Engineering

(The director who is authorised to sign on behalf of the Company)

The date of appointment

December 28, 2017

Age (years) 59

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.39

Relationship with other Management²

- None -

Education

- Bachelor of Science in Mechanical Engineering, Royal Thai Air Force Academy
- Directors Certification Program (DCP 144), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors Class 11/2011, Thai Institute of Directors Association (IOD)

5 years past and present work experience

Period	Position	Company
2017 - present	Director	Asia Aviation Plc.
2007 - present	Director of Engineering	Asia Aviation Plc.
2014 - present	Executive Vice President	Thai AirAsia Co., Ltd.
2007 - 2016	Director	Asia Aviation Plc.
2007 - 2015	Director	Thai AirAsia Co., Ltd.
2004 - 2014	Director of Engineering	Thai AirAsia Co., Ltd.

Director / Management Position in other companies

Listed Company - None -

Non-listed Company - Thai AirAsia Co., Ltd.

Other company that compete with/relate to the Company

- None -

M.L. Bovornovadep Devakula

Director /

Director of Business Development

(The director who is authorised to sign on behalf of the Company)

The date of appointment

December 27, 2017

Age (years) 57

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.36

Relationship with other Management²

- None -

Education

- Bachelor of Science, State University of New York, USA
- Diploma in Science, Kemper Military College, Missouri, USA
- Directors Certification Program (DCP 144), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors class 12/2011, Thai Institute of Directors Association (IOD)

5 years past and present work experience

Period	Position	Company
Dec 2017 - present	Director	Asia Aviation Plc.
2011 - present	Director of Business Development	Asia Aviation Plc.
2004 - present	Head of Business Development	Thai AirAsia Co., Ltd.
2014 - present	Director	Dalvey Holdings Co., Ltd.
2014 - present	Director	Econolodge Co., Ltd.
2011 - Aug 2017	Director	Asia Aviation Plc.
2014 - 2015	Director	Thai AirAsia Co., Ltd.

Director / Management Position in other companies

Listed Company - None -

Non-listed Company

- Thai AirAsia Co., Ltd. - Dalvey Holdings Co., Ltd. - Econolodge Co., Ltd.

Other company that compete with/relate to the Company

- None -

Mr. Santisuk Klongchaiya

Director /

Director of Commercial

(The director who is authorised to sign on behalf of the Company)

The date of appointment

December 13, 2011

Age (years) 52

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.20

Relationship with other Management²

- None -

Education

- Master Degree of Science Thammasart University, Master in Marketing Program
- Bachelor Degree of Business Administration Major in Marketing, Assumption University (ABAC)
- Directors Certification Program (DCP 143), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors Class 11/2011, Thai Institute of Directors Association (IOD)

5 years past and present work experience

Period	Position	Company
2011 - present	Director / Director of Commercial	Asia Aviation Plc.
2007 - present	Head of Commercial and Ancillary	Thai AirAsia Co., Ltd.
2015 - 2016	Director	Thai AirAsia Co., Ltd.

Director / Management Position in other companies

Listed Company - None -

Non-listed Company - Thai AirAsia Co., Ltd.

Other company that compete with/relate to the Company

- None -

Mr. Phairat Pornpathananagoon

Director

(The director who is authorised to sign on behalf of the Company)

The date of appointment

December 27, 2017

Age (years) 43

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.0041

Relationship with other Management²

- None -

Education

- Master of Business Administration, San Diego State University
- Bachelor of Accounting, Thammasat University
- Directors Certification Program (DCP 254), Thai Institute of Directors Association (IOD)

5 years past and present work experience

Period	Position	Company
2017 - present	Director	Asia Aviation Plc.
2017 - present	Director	Thai AirAsia Co.,Ltd.
2014 - present	Director / Chief Financial Officer	Thai AirAsia X Co.,Ltd.
2017	Director	Tree Dance Publishing Co.,Ltd.
2017	Director	Tree Dance Active Co.,Ltd.
2017	Director	In Publishing Co.,Ltd.
2016 - 2017	Director	Tree Dance Holdings Co.,Ltd.
2016 - 2017	Director	Image Publishing Co.,Ltd.
2004 - 2014	Financial Controller	Thai AirAsia Co.,Ltd.

Director / Management Position in other companies:

Listed Company - None -

Non-listed Company

- Thai AirAsia Co.,Ltd. - Thai AirAsia X Co.,Ltd.

Other company that compete with/relate to the Company

- None -

Mr. Santhat Sanguandikul

Chief Financial Officer

The date of appointment

July 6, 2016

Age (years) 54

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Master Degree of Business Administration (Finance), University of Denver
- Bachelor of Accountancy, Chulalongkorn University

5 years past and present work experience

Period	Position	Company
2016 - present	Chief Financial Officer	Asia Aviation Plc.
2016 - present	Chief Financial Officer	Thai AirAsia Co., Ltd.
2010 - 2016	Deputy Managing Director	Thanachart Securities Co., Ltd.
2004 - 2010	Managing Director	Siam City Securities Co., Ltd.

Director / Management Position in other companies

Listed Company - None -

Non-listed Company - Thai AirAsia Co., Ltd.

Other company that compete with/relate to the Company

- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws

Director Profiles

THAI AIRASIA COMPANY LIMITED

As of December 31, 2017

Mr. Arak Chonlatanon

The date of appointment

January 11, 2013

Mr. Nuttawut Phowborom

The date of appointment

December 13, 2011

Mr. Tassapon Bijleveld

The date of appointment

September 19, 2003

Mr. Santisuk Klongchaiya

The date of appointment

December 27, 2017

Mr. Phairat Pornpathananangoon

The date of appointment

December 27, 2017

(Details as referred in Asia Aviation Plc.)

Tan Sri Dr. Anthony Francis Fernandes

Director

(The director who is authorised to sign on behalf of the Company)

The date of appointment

September 19, 2003

Age (years) 54

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Honorary Doctorate of Business Innovation, University Technology Malaysia (UTM)
- Accountancy and Finance, London School of Economics

5 years past and present work experience

Period	Position	Company
2003 - present	Director	Thai Airasia Co., Ltd.
2003 - present	Director	AirAsia Investment Ltd.
2001 - present	Non-Independent, Executive Director and Group Chief Executive Officer	AirAsia Berhad
2017 - present	Director	Big Pay Pte. Ltd.
2016 - present	Director	AirAsia Pte. Ltd.
2016 - present	Director	Asia Aviation Capital Limited
2016 - present	Director	T & Co Café Sdn. Bhd.
2016 - present	Director	T & Co Coffee Sdn. Bhd.
2016 - present	Director	Tune Capital Limited
2016 - present	Director	Tune Live Sdn. Bhd.
2015 - present	Director	AirAsia Japan Co., Ltd.
2015 - present	Director	Maddience Consulting Sdn. Bhd.
2015 - present	Director	Tune Labs Sdn. Bhd.
2014 - present	Director	Big Investment Ltd.
2014 - present	Director	Epik Shop Sdn. Bhd.
2014 - present	Director	GCG Capital Limited

5 years past and present work experience (Cont'd)

Period	Position	Company
2014 - present	Director	Lancefield Property SARL
2014 - present	Director	New Queens Park Development SARL
2014 - present	Director	Oakfield Property SARL
2014 - present	Commissioner	PT Indonesia AirAsia
2014 - present	Director	Tune Money International Sdn. Bhd. (in liquidation)
2013 - present	Director	AirAsia (India) Limited
2013 - present	Director	Big Duty Free Sdn. Bhd. (in liquidation)
2013 - present	Director	CaterhamJet Global Ltd. (Deregistered)
2013 - present	Director	Educ8 Group Sdn. Bhd.
2013 - present	Director	Rangers Developments Ltd.
2013 - present	Director	Rangers Stadium Development Ltd.
2011 - present	Director	AirAsia EXP Pte. Ltd.
2011 - present	Director	AirAsia Inc.
2011 - present	Director	Caterham Cars Ltd.
2011 - present	Director	Caterham Cars Group Ltd.
2011 - present	Director	Caterham Enterprises Ltd.
2011 - present	Director	Caterham Merchandising Ltd. (in liquidation)
2011 - present	Director	Caterham Technology & Innovation Ltd. (in liquidation)
2011 - present	Director	CaterhamJet Holdings Pte. Ltd.
2011 - present	Director	EQ8 Limited (in liquidation)
2011 - present	Director	QPR Asia Sdn. Bhd.
2011 - present	Director	QPR Holdings Ltd.
2011 - present	Director	The Queens Park Rangers Football & Athletic Club Ltd.
2010 - present	Director	Caterham Factory Limited
2010 - present	Director	Caterham Ventures Sdn. Bhd. (S308(2))
2010 - present	Director	Epsom College Malaysia Sdn. Bhd.
2009 - present	Director	Asian Contact Centres Sdn. Bhd.
2008 - present	Director	Aero Ventures Sdn. Bhd. (in liquidation)
2008 - present	Director	Asia IP Ventures Limited
2008 - present	Director	Tune Group Sdn. Bhd.
2007 - present	Director	Tune Longhaul Sdn. Bhd. (in liquidation)
2006 - present	Non-Independent Executive Director and Co-Group Chief Executive Officer	AirAsia X Berhad
2006 - present	Director	BIGPay Malaysia Sdn. Bhd. (formerly known as Tpaay Asia Sdn. Bhd.)
2006 - present	Director	Tune Hotels Sdn. Bhd.
2006 - present	Director	Tune Hotels Management Sdn. Bhd.

5 years past and present work experience

Period	Position	Company
2006 - present	Director	Tune Talk Sdn. Bhd.
2005 - present	Director	Dragonback Media Interactive Sdn. Bhd. (in liquidation)
2005 - present	Director	Tune Group.com Ltd.
2005 - present	Director	Tune Hotels.com Ltd.
2004 - present	Director	AirAsia (Mauritius) Limited
2002 - present	Director	Crunchtime Culinary Services Sdn. Bhd. (S308(4))
2001 - present	Director	Tune Air Sdn. Bhd.
2000 - present	Director	Tuneasia.com Sdn. Bhd. (S308(2))
1998 - present	Director	Intellectual Property Protection Sdn. Bhd. (S308(4))
2016 - 2017	Director	Mirus Aircraft Seating Malaysia Sdn. Bhd.
2016 - 2017	Director	Think Big Digital Sdn. Bhd.
2014 - 2017	Director	roKKi IP Limited (Deregistered)
2012 - 2017	Director	Amulya Property Ltd (Dissolved)
2012 - 2017	Non Independent, Non Executive Director	Tune Protect Group Berhad
2011 - 2017	Director	Caterham (UK) Ltd. (Dissolved)
2011 - 2017	Director	Ultimate Skyline Sdn. Bhd. (formerly known as Caterhamjet Malaysia Sdn. Bhd.)
2009 - 2017	Director	Kuala Lumpur Education City Sdn. Bhd. (S308(2))
2009 - 2017	Director	Tune Tones Inc. (Dissolved)
2014 - 2016	Director	roKKi Retail Ltd. (Deregistered)
2013 - 2016	Director	Caterham Moto Racing Ltd. (Dissolved)
2011 - 2016	Director	Caterham Bikes Ltd. (Dissolved)
2011 - 2016	Director	Caterham Composites Ltd. (Dissolved)
2009 - 2016	Director	Due Voci LLC (Dissolved)
2008 - 2016	Director	Tune Service Sdn. Bhd. (S308(4))
2014 - 2015	Director	CaterhamJet International Ltd. (Deregistered)
2011 - 2015	Director	Rokki Sdn. Bhd.
2010 - 2015	Director	Dinato Racing Limited
2004 - 2015	Director	AirAsia Go Holiday Sdn. Bhd.
2013 - 2014	Director	roKKi Avionics Sdn. Bhd.
2012 - 2014	Director	Caterham Tech (M) Sdn. Bhd. (S308(4))
2012 - 2014	Director	Think Big Digital Sdn. Bhd.
2011 - 2014	Director	Asian Aviation Centre of Excellence Sdn. Bhd.
2011 - 2014	Director	Tune Live Sdn. Bhd.

Datuk Kamarudin Bin Meranun

Director

(The director who is authorised to sign on behalf of the Company)

The date of appointment

November 12, 2003

Age (years) 56

Number of Shares and Percentage of Asia Aviation Plc. (%)¹:

- None -

Relationship with other Management²

- None -

5 years past and present work experience (cont'd)

Period	Position	Company
2010 - 2014	Director	Tune Studios Sdn. Bhd.
2009 - 2014	Director	1 Malaysia Racing Team Sdn. Bhd. (S308(1))
2007 - 2014	Director	Tune Tones Sdn. Bhd.
2012 - 2013	Director	Star Publications (Malaysia) Berhad
2011 - 2013	Director	AirAsia Japan Co., Ltd.
2009 - 2013	Director	Yayasan Satu Malaysia

Education

- Master of Business Administration, (Finance) Central Michigan University
- Bachelor of Science degree, magna cum laude (Finance), Central Michigan University
- Diploma in Actuarial Science, University Technology MARA

5 years past and present work experience

Period	Position	Company
2003 - present	Director	Thai Airasia Co., Ltd.
2003 - present	Director	AirAsia Investment Ltd.
2001 - present	Non-Independent, Executive Chairman	AirAsia Berhad
2017 - present	Commissioner	PT. Airasia Indonesia TBK
2016 - present	Director	AirAsia Pte. Ltd.
2016 - present	Director	Tune Capital Limited
2016 - present	Director	Tune Live Sdn. Bhd.
2014 - present	Director	AirAsia Global Shared Services Sdn. Bhd.
2014 - present	Director	Asia Aviation Capital Limited
2014 - present	Director	BIG Investments Ltd.
2014 - present	Director	Epik Shop Sdn. Bhd. (formerly known as Rokki Shop Sdn. Bhd.)
2014 - present	Director	GCG Capital Limited
2014 - present	Director	Lancefield Property SARL
2014 - present	Director	New Queens Park Development SARL
2014 - present	Director	Oakfield Property SARL
2014 - present	Director	roKKi Retail Ltd.
2014 - present	Director	Think Big Digital Sdn. Bhd.
2014 - present	Director	Tune Money International Sdn. Bhd. (in liquidation)
2013 - present	Director	Big Duty Free Sdn. Bhd. (in liquidation)
2013 - present	Director	CJS Aviation Pte. Ltd.
2013 - present	Director	Educ8 Group Sdn. Bhd.
2013 - present	Director	Rangers Developments Ltd.
2013 - present	Director	Rangers Stadium Development Ltd.

5 years past and present work experience (cont'd)

Period	Position	Company
2012 - present	Director	DCS Energy Sdn. Bhd.
2012 - present	Director	Epsom College Malaysia Sdn. Bhd.
2011 - present	Director	Caterham Cars Ltd.
2011 - present	Director	Caterham Cars Group Ltd.
2011 - present	Director	Caterham Enterprises Ltd.
2011 - present	Director	Caterham Merchandising Ltd. (in liquidation)
2011 - present	Director	Caterham Technology & Innovation Ltd. (in liquidation)
2011 - present	Director	CaterhamJet Holdings Pte. Ltd.
2011 - present	Director	EQ8 Limited (in liquidation)
2011 - present	Director	QPR Asia Sdn. Bhd.
2011 - present	Director	QPR Holdings Ltd.
2011 - present	Director	The Queens Park Rangers Football & Athletic Club Ltd.
2011 - present	Director	Ultimate Skyline Sdn. Bhd. (f.k.a. Caterhamjet Malaysia Sdn. Bhd.)
2010 - present	Director	Caterham Factory Limited
2010 - present	Director	Caterham Ventures Sdn. Bhd.
2010 - present	Director	Dinato Racing Ltd.
2010 - present	Director	Tune Group.com Ltd.
2010 - present	Director	Tune Studios Sdn. Bhd.
2010 - present	Director	Tune Tones Sdn. Bhd.
2009 - present	Director	Intrinsic Capital Management Sdn. Bhd.
2008 - present	Director	Aero Ventures Sdn. Bhd. (in liquidation)
2008 - present	Director	AirAsia Corporate Services Limited
2008 - present	Director	Muncul Juara Sdn. Bhd.
2008 - present	Director	Pacific Gem Sdn. Bhd.
2008 - present	Director	Tune Group Sdn. Bhd.
2008 - present	Director	Tune Hotels Management Sdn. Bhd.
2008 - present	Director	Sofa Al Azhar Sdn. Bhd.
2007 - present	Director	BIGPay Malaysia Sdn. Bhd. (Formerly known as Tpaay Asia Sdn. Bhd.)
2007 - present	Director	New Haven Resort Sdn. Bhd.
2007 - present	Director	Tune Hotels Sdn. Bhd.
2007 - present	Director	Tune Longhaul Sdn. Bhd. (in liquidation)
2007 - present	Director	Tune Talk Sdn. Bhd.
2006 - present	Non Independent Executive Director and Group Chief Executive Officer	AirAsia X Berhad
2006 - present	Director	All Agile Industries Sdn. Bhd.
2006 - present	Director	Yayasan Pendidikan Titiwangsa

5 years past and present work experience (cont'd)

Period	Position	Company
2005 - present	Director	Dragonback Media Interactive Sdn. Bhd. (in liquidation)
2005 - present	Director	Tune Hotels.com Limited
2005 - present	Director	Tuneasia.com Sdn. Bhd. (S308(1))
2005 - present	Director	Wheatley Sdn. Bhd.
2004 - present	Director	AirAsia (Mauritius) Ltd.
2004 - present	Director	AirAsia Go Holiday Sdn. Bhd.
2003 - present	Director	Chestar Properties Sdn. Bhd.
2002 - present	Director	Domeplex Consolidated Sdn. Bhd.
2001 - present	Director	Persian Beauty Sdn. Bhd.
2001 - present	Director	Tune Air Sdn. Bhd.
2000 - present	Director	Incam Consulting & Trading Sdn BHD
2000 - present	Director	Incam Corporation Sdn. Bhd.
2000 - present	Director	Incam Equity Sdn. Bhd.
2000 - present	Director	Incam Resources Sdn. Bhd.
1996 - present	Director	Incam Global Sdn. Bhd.
1995 - present	Director	Raindance Music Sdn. Bhd.
1995 - present	Director	Red Podium Sdn. Bhd.
1993 - present	Director	Nescorp Resources Sdn. Bhd.
1991 - present	Director	Music Works Sdn. Bhd.
Present	Director	AirAsia Inc.
Present	Commissioner	PT Indonesia AirAsia
2013 - 2016	Director	Caterham Moto Racing Ltd. (Dissolved)
2011 - 2016	Director	Caterham Bikes Ltd. (Dissolved)
2011 - 2016	Director	Caterham Composites Ltd. (Dissolved)
2009 - 2016	Director	Due Voci LLC (Dissolved)
2008 - 2016	Director	Tune Service Sdn. Bhd.
2014 - 2015	Director	CaterhamJet International Ltd. (Deregistered)
2012 - 2014	Director	Caterham Tech (M) Sdn. Bhd.
2011 - 2014	Director	Tune Live Sdn. Bhd.
2011 - 2013	Director	AirAsia Japan Co.,Ltd.

Dato' Mohamed Khadar Bin Merican

Director

The date of appointment

December 9, 2016

Age (years) 61

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Accountancy, Member of Institute of Chartered Accountants in England & Wales
- Accountancy, Member of Malaysian Institute of Accountants

5 years past and present work experience

Period	Position	Company
2016 - present	Director	Thai Airasia Co., Ltd.
2016 - present	Independent Non-Executive Director	AirAsia Berhad
2015 - present	Chairman	RCL Agencies (M) Sdn. Bhd.
2013 - present	Independent Non-Executive Director	Sona Petroleum Berhad (in Members' Voluntary Liquidation)
2005 - present	Chairman	SOGO (K.L.) Department Store Sdn. Bhd.
2003 - present	Director	MKM Resources Sdn. Bhd.
2002 - present	Independent Non-Executive Director	Rashid Hussain Berhad (In Members' Voluntary Liquidation)
1996 - present	Director	Ferrite Sdn. Bhd.
2013 - 2017	Independent Director	Ideate Media Sdn. Bhd.
2011 - 2017	Non-Independent Non-Executive Director	Astro Malaysia Holdings Berhad
2011 - 2017	Independent Director	Astro Overseas Ltd
2003 - 2017	Independent Director	Astro All Asia Networks Limited
2013 - 2016	Director	RHB Investment Bank Berhad
2013 - 2016	Director	RHB Securities (Thailand) Plc.
2011 - 2016	Director	RHB Bank Berhad
2009 - 2016	Chairman	RHB Capital Berhad
2011 - 2013	Chairman	RHB Investment Bank Berhad

Mrs. Pattra Boosarawongse

Director

(The director who is authorised to sign on behalf of the Company)

The date of appointment

November 9, 2017

Age (years) 48

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

- Master Degree of Finance & Accounting, Chulalongkorn University
- Bachelor degree of Commercial and Accountancy, Thammasat University
- Director Certification Program (DCP 177), Thai Institute of Directors Association (IOD)

5 years past and present work experience

Period	Position	Company
2017 - present	Director	Thai AirAsia Co., Ltd.
2017 - present	Director	Thai Airasia X Co., Ltd.
2016 - present	Group Chief Financial Officer	AirAsia Group
2015 - 2016	Director / Chief Financial Officer	Asia Aviation Plc.
2014 - 2016	Director / Chief Financial Officer	Thai AirAsia Co., Ltd.
2013 - 2014	General Manager-Music Division	BEC-Tero Entertainment Plc.
2010 - 2013	General Manager	Sony Music Entertainment (Thailand)

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws

Management Profiles

THAI AIRASIA COMPANY LIMITED

As of December 31, 2017

Mr. Tassapon Bijleveld

Chief Executive Officer

The date of appointment

September 19, 2003

Mr. Preechaya Rasametanin

Executive Vice President

The date of appointment

March 3, 2014

Mr. Santhat Sanguandikul

Chief Financial Officer

The date of appointment

September 1, 2016

M.L. Bovornovadep Devakula

Head of Business Development

The date of appointment

March 1, 2004

Mr. Santisuk Klongchaiya

Head of Commercial and Ancillary

The date of appointment

January 1, 2007

(Details as referred in Asia Aviation Plc.)

Gp. Capt. Surapun Patoomwat

Head of Flight Operations

The date of appointment

March 3, 2014

Age (years) 58

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.0042

Relationship with other Management²

- None -

Education

- Air Command and Staff College
- Safety Officer Course, RTAF
- Squadron Officer School, RTAF
- Royal Thai Air Force Academy

5 years past and present work experience

Period	Position	Company
2014 - present	Head of Flight Operations	Thai Airasia Co., Ltd.
2013 - present	Designated Check Pilot	Thai Airasia Co., Ltd.
2012 - present	Check Airman	Thai Airasia Co., Ltd.
2005 - present	Instructor	Thai Airasia Co., Ltd.
2013 - 2014	Deputy Director of Flight Operations	Thai Airasia Co., Ltd.

Mr. Banyat Hansakul

Head of Engineering

The date of appointment

March 3, 2014

Age (years) 50

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.0008

Relationship with other Management²

- None -

Education

- Master of Business Administration, Kasetsart University International
- Bachelor of Engineering in Aeronautical Engineering, Royal Thai Air Force Academy

5 years past and present work experience

Period	Position	Company
2014 - present	Head of Engineering	Thai AirAsia Co., Ltd.
2004 - 2014	Quality Assurance Manager	Thai AirAsia Co., Ltd.

Mrs. Thiladee Pantumchinda

Head of People Department

The date of appointment

March 3, 2014

Age (years) 44

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Master of Human Resources Management, Rutgers, The State University of New Jersey- New Brunswick, NJ
- B.A. Political Science, Major in International Relations, Chulalongkorn University

5 years past and present work experience

Period	Position	Company
2014 - present	Head of People Department	Thai AirAsia Co., Ltd.
2013	Human Resource Director	Janssen-Cilag Ltd.
2010 - 2013	Senior Manager of Human Resources	Johnson & Johnson (Thailand) Ltd.

Mr. Suwit Srisarakam

Head of Ramp and Ground Service Equipment

The date of appointment

August 7, 2014

Age (years) 50

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Civil Aviation Training Centre of Thailand

5 years past and present work experience

Period	Position	Company
2014 - present	Head of Ramp and Ground Service Equipment	Thai AirAsia Co., Ltd.
2012 - 2014	Foundation Manager	Thai AirAsia Co., Ltd.
2008 - 2012	Head of Customer Experience	Thai AirAsia Co., Ltd.
2007 - 2008	Guest Service Manager	Thai AirAsia Co., Ltd.

Miss Witchunee Kuntapeng

Head of Guest Service

The date of appointment

October 2, 2014

Age (years) 49

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.0024

Relationship with other Management²

- None -

Education

- Bachelor degree of Arts in English, Faculty of Humanities, Ramkhamhaeng University

5 years past and present work experience

Period	Position	Company
2014 - present	Head of Guest Service	Thai AirAsia Co., Ltd.
2012 - 2014	Bangkok Station Manager	Thai AirAsia Co., Ltd.

Mr. Pipat Khunprakan

Head of Innovation
Commercial and Technology

The date of appointment

October 2, 2014

Age (years) 41

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

- None -

Relationship with other Management²

- None -

Education

- Master degree of Telecommunication Science, Assumption University
- Bachelor degree of Computer Science, Assumption University

5 years past and present work experience

Period	Position	Company
2014 - present	Head of Innovation Commercial and Technology	Thai AirAsia Co., Ltd.
2007 - 2014	Innovation Commercial and Technology Manager	Thai AirAsia Co., Ltd.
2003 - 2007	Information and Technology Supervisor	Thai AirAsia Co., Ltd.

Mr. Thatri Kwansang

Head of Safety

The date of appointment

November 9, 2016

Age (years) 50

Number of Shares and Percentage of Asia Aviation Plc. (%)¹

0.0022

Relationship with other Management²

- None -

Education

- Master of Science in Aviation Safety, Central Missouri State University, USA
- Bachelor of Science in Electrical Engineering, Royal Thai Airforce Academy

5 years past and present work experience

Period	Position	Company
2016 - present	Head of Safety	Thai Airasia Co., Ltd.
2006 - 2016	Instructor Pilot and Safety Manager	Thai Airasia Co., Ltd.

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws

Corporate Governance



Asia Aviation, through its Directors, Management and employees, has complied and followed the principles of good corporate governance, and believes that good corporate governance is the key success factor. Asia Aviation, as an organisation with social responsibility, has adopted the principles of good corporate governance detailed as follows:

PRINCIPLES OF GOOD CORPORATE GOVERNANCE

In awareness of the importance of good corporate governance with the belief that effective, transparent, and measurable administration will create confidence for Shareholders, investors, and stakeholders, which in turns, will add value and promote sustainable growth for the Company, therefore, the Board of Directors of Asia Aviation has established the policy to follow the Code of Best Practices for Directors of Listed Company and adopted the policy in accordance to the Principles of Good Corporate Governance For Listed Companies, 2013, and Corporate Governance Code for listed companies 2017 (“CG Code”) as prescribed by the Stock Exchange of Thailand and The Securities and Exchange Commission Thailand. Policy is reviewed annually and communicated to Directors, Management, and employees to adhere. The policy covers the rights of Shareholders; equitable treatment of Shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors.

In 2017, the Board of Directors has considered and acknowledged the CG Code including the roles and responsibilities of the Board of Directors and adopted such principles to deploy with highly benefits and sustainable values into the organisation. The Company discloses the Information in accordance with the practices under the Corporate Governance policy in each section as follows:

SECTION 1 RIGHTS OF SHAREHOLDERS

Asia Aviation is aware of and prioritises the fundamental rights of the Shareholders, by not doing anything to violate the rights of its Shareholders and supporting its Shareholders to exercise their rights. The fundamental rights of the Shareholders include the right to buy and sell or to transfer shares, the right to receive profit sharing from Asia Aviation, the right to receive adequate information with regard to Asia Aviation, the rights relating to participation and voting in the Shareholders Meeting to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affect the Company such as dividends payment, amendments to the Company’s memorandum of association and articles of association or the Company’s bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Asia Aviation has the policy to provide convenience for the Shareholders to exercise their rights as follows:

- Asia Aviation will send the notice of the Shareholders’ Meeting and supporting documents to each Shareholder at least five business days prior to the Meeting date (or any period of time as required by laws). The invitation will provide relevant information on each agenda item with opinions from the Board of Directors of Asia Aviation, proxy form as regulated by Ministry of Commerce, and list of Independent Directors that the Shareholders may select as their proxy, as well as map of the Meeting venue.

Required documents that the Shareholders need to bring to the Meeting will also be sent along with the invitation in order to support the rights to participation in the Shareholders Meeting and to voting, as regulated by Asia Aviation’s articles of association regarding the Shareholders’ Meeting.

Shareholders can also access any information concerning the agenda of the each Meeting of Asia Aviation at www.aavplc.com

- In the case that any Shareholder cannot attend a Shareholders’ Meeting in person, Asia Aviation allows such Shareholder to appoint a proxy, either an Independent Director or any person, to attend the Meeting on his/her behalf.

- Asia Aviation shall proceed Meeting registration and votes count with a barcode system so as to promote transparency, fairness and benefits for Shareholders.
- Chairman of the Meeting will inform the Shareholders of rules of the Meeting and voting procedures. Time will be allotted appropriately.
- All Shareholders will be treated equally in expressing their opinion and raising questions in the Meeting. Directors and relevant Management team members will attend the Shareholders' Meeting to provide responses to any inquiry raised at the Meeting and to take any comments and suggestions into consideration or for further actions. After the Shareholders' Meeting, Asia Aviation prepares the complete and accurate minutes of the Meeting within 14 days and submits to related agencies within the prescribed timeframe. Minutes of the Meeting will also be posted on Asia Aviation's website to allow interested Shareholders and stakeholders to access the information.

SECTION 2 EQUITABLE TREATMENT OF SHAREHOLDERS

Asia Aviation applies the principle of equal treatment to all Shareholders, be they Management or Non-Management Shareholders, Majority or Minority Shareholders, or local or foreign Shareholders, as follows:

- Meeting shall be carried out as specified in the agenda enclosed with the Meeting notice. Additional agenda item shall not be imposed without informing the Shareholders prior to the Meeting unless necessary, especially items that Shareholders should need significant time to study relevant information before making any decision.
- The Minority Shareholders can nominate Directors by submitting details of nominees and consent letters to the Chairman of the Board prior to the Shareholders Meeting within reasonable time period as regulated by Asia Aviation.
- Shareholders are encouraged the use of ballots for each agenda item. Ballots shall be kept in the Meeting room for vote count prior to the resolution announcement. For transparency, Asia Aviation will keep the ballots with Shareholders' or proxy's signatures in case of examination if there is any future argument.
- Minutes of Meeting shall be recorded completely and accurately. The Minutes will be submitted to the Stock Exchange of Thailand within 14 days after the Meeting. Minutes of the Meeting will also be posted on Asia Aviation's website.
- Information is accessible in a complete, accurate, timely, and transparent manner, for Shareholders by making relevant and significant information available regularly.

- The Company and its subsidiaries have set up clear policy and regulations to prevent Directors, Management and employees from using the Company's inside information for their own benefits. The policy is communicated for Directors, Management and employees' awareness and practice under the Code of Conduct with the details listed under the "Use of Inside Information".

SECTION 3 ROLE OF STAKEHOLDERS

Asia Aviation and its subsidiaries has placed importance on all of its stakeholders and established a policy as follows:

Shareholders

Asia Aviation determines to be a good representative for its Shareholders in conducting its business for the satisfaction of its Shareholders with transparency and emphasis on sustainable long-term growth, and to ensure the adherence of the policy regarding Shareholders to maintain the basic rights of the Shareholders, and to not violate the rights of the Shareholders listed under rights of Shareholders and equitable treatment of Shareholders, along with the transparent disclosure of information to Shareholders.

The encourage for the Shareholders to attend the Shareholders' Meeting to help participate in major decision making, to acknowledge the Company's operation and activities, and to monitor the performance of the Directors and Management.

Employees

Our employees are our most valuable resource and key to success. Therefore, Asia Aviation and its subsidiaries are committed to continuously enhance our corporate culture and good working environment, to promote teamwork, and to treat our employees with courtesy and to respect them as individuals. The employment, appointment, and transfer shall be on the ethical basis and the human resources shall be engaged to the best advantage.

Asia Aviation and its subsidiaries take responsibility in maintaining the safe working environment for both employees and their properties. Labor laws are strictly followed as well.

Asia Aviation and its subsidiaries respect its employees' privacy. Their private information, for example, salaries, medical records, and families, shall not be disclosed to outsiders or those who are not relevant, unless the information is required to be disclosed to the third party by laws.

Nonetheless, details of the policy regarding responsibilities toward employees in 2017 are listed in the "Corporate Social Responsibility"

Customers

Asia Aviation and its subsidiaries are committed to customers' satisfaction and confidence in the Company by delivering quality products and services at a fair and appropriate price, and to maintain good relations. The operation guideline is set as follows:

- Provide quality products and services with the resolute aim to constantly increase the standards and disclose news and information regarding products and services completely and accurately.
- Directors, Executives and employees at all levels shall not disclose customers' details without prior consent from customers or control persons of the Company group, unless the information is required to be disclosed to the third party by laws.
- Nonetheless, details of the policy regarding responsibilities toward customers in 2017 are listed in the "Corporate Social Responsibility".

Business Partners

Asia Aviation and its subsidiaries treat its trading partners as a key factor in creating value for customers. So, business run with any partners must not bring discredit to the reputation of the Company and its subsidiaries, or contrary to any palpable laws, no demand or accept any properties or benefits dishonestly in business with trade partners, regard to equality in business and mutual benefits with partners, as well as a compliance with contract or agreed terms and conditions strictly. In addition, the selection of partners shall be treated on fair, transparent and verifiable basis; abide by the rules and regulations on procurement that defines procedures and practices explicitly, and get approval from the procurement committees.

Creditors

Asia Aviation and its subsidiaries comply strictly with creditors under the conditions and term of agreements. Loan administration must be subjected to the objectives of money use; money must not be used in a way that could cause damage, control various collaterals and repayment of loan and interest to the lenders of all types in full and by the due date, comply with the terms of the entire loan agreement, as well as management to ensure the creditors of financial position and high repayment capacity. In case of default, the Company will notify creditors in advance for troubleshooting.

Competitors

Asia Aviation and its subsidiaries have a policy to promote and support fair and open competition. The Company does not seek its competitors' trade secrets or information through illegal or unethical means. The Company shall not violate the intellectual properties of its competitors or others.

Society

Asia Aviation and its subsidiaries, as a Thai corporation, are well aware and grateful for the country. As part of the community, the Company has a social obligation to support the society and community in which Asia Aviation and its subsidiaries are operating.

Asia Aviation and its subsidiaries have a policy to provide environmentally friendly products and services and to follow environmental-related laws.

Asia Aviation and its subsidiaries promote activities that help preserve the nature and conserve energy. It has a policy to select and promote the use of environmentally friendly products.

Nonetheless, details of the policy regarding responsibilities toward the society in 2017 are listed in the "Corporate Social Responsibility".

Communication with Stakeholders and Whistleblowing Policy

Stakeholders can inquire for information, complain, or report any unlawful violation, the inaccuracy of financial reports or internal control system, and the breach of business ethics of the Company and its subsidiaries directly to the Independent Directors or the Audit Committee at taa_auditcommittee@airasia.com and thaiwhistleblower@airasia.com.

Nonetheless, the Company has disclosed Whistleblowing Policy on its website at www.aavplc.com under "Sustainability", "Corporate Governance" and "Whistle Blowing". Complaints and reports shall be protected and treated confidentially by the Independent Directors or the Audit Committee for further inspection and solution (if any) and shall be reported to the Board of Directors later.

SECTION 4 INFORMATION DISCLOSURE AND TRANSPARENCY

Asia Aviation has put an importance on disclosing information that is accurate, complete, transparent, timely, and up to the standards set by to the Stock Exchange of Thailand and the Securities and Exchange Commission. This financial reports, general information, and any other significant information that can affect the price of stocks and decision making of investors and stakeholders of Asia Aviation. In order for stakeholders of Asia Aviation to have an equal access to information, Asia Aviation is publishing its information through the Stock Exchange of Thailand and Asia Aviation's website at www.aavplc.com

The Board of Directors is aware of the responsibility in preparing Asia Aviation's financial reports and information presented to Shareholders

in annual reports, and in assuring the quality of the financial reports, including financial statements of Asia Aviation. Asia Aviation arranges to have the financial reports done according to the accounting standards and audited by reliable and independent auditors. Asia Aviation has established and adhered to appropriate accounting policies and made certain that financial reports of Asia Aviation are accurate, complete, and trustworthy, with important information being accessible.

The Board of Directors also set up an Audit Committee to review the financial reports for their accuracy, completion, and reliability and to make sure information is disclosed in an accurate, transparent and timely manner as regulated for listed companies. The Audit Committee also ensures effective internal control and that laws and regulations, as well as Asia Aviation's regulations are adhered to. Moreover, the Committee looks into related party transactions or transactions with conflict of interest and consider the reasonableness and appropriateness before proposing to the Board of Directors of Asia Aviation for further approval.

The Company has a policy to disclose important information to the public as follows:

1. Objectives and Articles of Association of the Company
2. Financial and Non Financial reports in an accurate and timely manner
3. Report on the responsibilities of the Board of Directors toward financial statements together with the Auditor's report in the Annual Report
4. Information on each Director and subcommittee member and his/her roles and responsibilities and remuneration
5. Information on the attendance of Directors and subcommittee members in Meetings
6. Reports on the interests of Directors, Management, and related persons
7. Each Director and Executive has a duty to report buy-sale the Company's shares to Company Secretary and disclose summary of shareholding reports at the Board of Director Meeting in quarterly.

For investor relations, Asia Aviation has set up the Investor Relations Unit to handle the content of the information of Asia Aviation for those who are interested, for example, Shareholders, analysts, and investors. The channel of communication is as follows:

Telephone: 02 562 5700
Fax: 02 562 5705
Email: taa_investorrelations@airasia.com
Website: www.aavplc.com

Asia Aviation regularly presents information to analysts, investors, and employees at Analysts' Meetings, Roadshows, Conference calls, and Conferences organised by various entities. The Company also holds joint activities with SET to meet retail investors and has Press Conference and Press Release to publicise the performance of the Company and its subsidiaries. In addition Analysts, investors, and interested parties can also join company visits to meet our Management and inquire about our updates.

In 2016 - 2017, investor relation activities are summarised as follows:

Activities	2016 (times)	2017 (times)
International Roadshows	6	4
Domestic Roadshow	6	5
Results Briefing / Annual General Meeting of Shareholders	5	5
Company Visit / Conference call	37	19
E-mail / Phone calls	4-5 daily	4-5 daily
Joint activities with SET and other agencies to meet investors	2	3

The Company also arranges for the Compliance Unit to oversee the disclosure of information through various channels, for example, the Company's website, The Stock Exchange of Thailand's website, and annual reports. Information shall be accurate, sufficient, timely, and complete, as required by laws, in order to create confidence from investors in the Company's transparency in business operation.

SECTION 5 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Leadership and Vision

Asia Aviation's Board of Directors consists of Directors with leadership skill and vision to drive Thai AirAsia to become a leading low-cost airline in the region, to provide the most value quality services that are trustworthy and safe.

The Company's Board of Directors revises and specifies vision and mission for the Company every five years to keep them relevant and appropriate for the changing business environment in the future.

Board of Directors' Structure

Asia Aviation's Board of Directors consists of nine Directors with three being the Independent Directors who are fully qualified under the relevant regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. Each Director has knowledge, competence, experience and expertise in various professions.

The number of Directors shall be sufficient to oversee the business of the Company, with at least one Director with direct experiences in aviation business and another one Director with experiences in accounting and finance.

Asia Aviation's Board of Directors has the duties to consider and approve significant matter related to the Company's administration such as policies, visions, strategies, goals, missions, business plans and budgets of Asia Aviation, as well as to supervise the Management team to effectively and efficiently manage the business of Asia Aviation under the legal framework, objectives, articles of association of Asia Aviation and the resolutions of the Board of Directors' Meeting and the Shareholders' Meeting. Such duties must be performed with accountability, loyalty and care under the principles of good corporate governance in order to achieve the best economic value for the business and stability for its Shareholders.

Qualifications of Directors

1. Directors shall be the persons with knowledge and competency, honesty and integrity in business operation, and sufficient time to dedicate their knowledge and competency for their performance in the Company.
 2. Directors shall possess full qualifications and do not have any prohibited characters in compliance with applicable laws related to public companies and other relevant laws, nor any characters that result in the inappropriateness to be trusted with the administration of a public company according to the Notifications of the Securities and Exchange Commission (SEC).
 3. The Directors shall not enter into a partnership or be a shareholder of any business which has the same nature as and is in competition with the business of Asia Aviation for their own or others' interests, except the Shareholders' Meeting has been informed prior to the appointment.
 4. The Directors shall not hold the position of Director in more than five other listed companies. In case of any Director holding the position of Director in more than five listed companies, the Board of Directors shall determine the effectiveness of his/her performance. In the case of the Chief Executive Officer taking the position of Director in other company, the matter needs to pass the approval from the Company's Board of Directors.
1. Holding not exceeding 1% of the total shares with voting rights of Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation. (inclusive of the shares held by any related person of such independent Director);
 2. Not being, nor having been, a Director who participates in the Management, an employee, staff member or advisor who receives a regular salary, or a control person of Asia Aviation, its parent company, subsidiary company, its associated company, its subsidiary at the same level, Major Shareholder or control person of Asia Aviation, unless the holding of the aforementioned positions has been discontinued for at least two years. However, such prohibition shall not apply in the case where such Independent Director has been a government official or consultant of the government sector, which is a Major Shareholder, or control person of Asia Aviation;
 3. Not being person who has a relationship by blood or registration under laws, as father, mother, spouse, sibling, and child, including spouse of child, of its Directors, its Executives, its Major Shareholder, its control person or the person who will be nominated to take up the position of Director or Executive or control person of Asia Aviation or its subsidiary;
 4. Not having, or not having had, any business relationship with Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation in a manner which may obstruct its independent judgment. Additionally, not being or not having been a Substantial Shareholder or control person of a person who has a business relationship with Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation, unless such business relationship has been discontinued for at least two years.
(the aforementioned business relationship and transaction size shall have the same definition as in the Notification of the Thai Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares);
 5. Not being, or not having been, an auditor of Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder, control person of Asia Aviation, Major Shareholder or control person or the partner of the audit company for which the auditor of Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation has worked therein, unless such holding of the aforementioned positions has been discontinued for at least two years;

Qualifications of Independent Directors

The Independent Directors shall possess all the qualifications required by the Stock Exchange of Thailand and The Securities and Exchange Commission Thailand and can oversee the interest of all Shareholders equally without any conflicts of interests. The Independent Directors shall be able to attend the Board of Directors' Meetings and provide opinions independently. The qualifications are as follows:

6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from Asia Aviation, its parent company, its subsidiary company, its associated company, Major Shareholder or control person of Asia Aviation, and not being Major Shareholder or control person or the partner of such professional service provider, unless such business relationship has been discontinued for at least two years;
7. Not being a Director nominated to be a representative of a Director of Asia Aviation, Major Shareholder or Shareholders who are related persons to the Major Shareholder;
8. Not undertaking any business which has the same nature as and is in competition with the business of Asia Aviation or its subsidiary company or not being a partner of the partnership or a Director who participates in the Management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding 1% of the total shares with voting right of other companies which undertakes business of the same nature as and is in competition with the business of Asia Aviation or its subsidiary company; and
9. Having no other qualifications causing any inability to express independent judgment in respect of Asia Aviation's business operation.

The qualifications of the Independent Directors shall be as required by the Thai Capital Market Supervisory Board.

Appointment and Term of Positions for Directors

The appointment of a Director shall be in compliance with the Company's Articles of Association and applicable laws, in a transparent and clear manner. The nomination shall go through the process by the Nomination and Remuneration Committee. The consideration shall include sufficient detailed information and profile of the person for the Board of Directors and Shareholders to make decision. Details of the policy on appointment and nomination of Directors can be found under "Nomination and Remuneration Committee"

The Directors's term of positions is according to the Articles of Association of Asia Aviation that at every Annual General Meeting, one-third (1/3) of the total number of the Directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third (1/3) must retire from the office.

The retiring Directors are eligible for re-election. The Director who has been in office for the longest term shall retire.

Duties and Responsibilities of the Directors

Asia Aviation's Board of Directors shall oversee and administer the business and mission of Asia Aviation to be in line with the approval by Shareholders and applicable laws, objectives, articles of association, Shareholders' Meeting resolutions, and Board of Directors' resolutions. Directors shall use their judgement and vigilance in making business decision and perform their duties with caution, accountability, and honesty for the best interest of Asia Aviation.

The Division of Duties and Responsibilities between Board of Directors and Management

Asia Aviation has clearly divided duties and responsibilities between Board of Directors and Management. The Board of Directors sets out policies and administer the operation of the Management on the policy level, while the Management manages each area according to the policies and Authority Limit which has been approved by Board of Directors and recorded as resolution passed in the Minutes of Board of Director Meeting. Consequently, the Chairman of the Board of Directors cannot be the same person as the Chief Executive Officer (CEO) nor the Executive Director in order to balance and examine the Management.

The Chairman of the Board of Directors has an important role in making decision for the Company's policies as a result of the Board of Directors' Meeting that considers and sets the business direction together with the Management, and provides recommendations for business operation to the Management without interfering in the daily duties of the Management. The Chairman of the Board of Directors, as the leader of the Board of Directors, oversees and monitors the performance of the Company's Executive Directors and other subcommittees to ensure effectiveness and efficiency, and encourages all the Directors to participate in Meetings and to provide comments independently. The Chairman of the Board of Directors makes the casting vote in case of the votes come to a draw between two sides.

The Company has clearly set scopes of duties and responsibilities for Board of Directors and the Chief Executive Officer, which can be found under "Scope of Duties and Responsibilities of the Board of Directors" and "Duties and Responsibilities of the Chief Executive Officer".

Asia Aviation has appointed the Company Secretary with the duties and responsibilities as follows:

1. To provide advice to the Board of Directors regarding legal framework and regulations of Asia Aviation that the Board of Directors shall be aware of, to ensure compliance to the rules and regulations, and to report any significant changes in the legal matters to the Board of Directors.

2. To organise the Shareholders' Meeting and Board of Directors' Meeting in accordance to laws and regulations of Asia Aviation.
3. To record the Minute of the Shareholders' Meeting and Board of Directors' Meeting and to make sure the resolutions of the Meetings are followed.
4. To prepare and keep record of a register of Directors, the Company's annual report, Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, Notice of the Shareholders' Meeting and Minutes of the Shareholders' Meeting of Asia Aviation.
5. To keep the reports of interest filed by the Directors or Executives, with the copies submitted to the Chairman of Board of Directors and the Chairman of Audit Committee within seven business days after the report is received.
6. To ensure the information disclosure and report the responsible information to the related agencies as prescribed by the government's rules and regulations.
7. To facilitate activities of Asia Aviation's Board of Directors and manage other related matters in accordance to the legal framework, or as assigned by Asia Aviation's Board of Directors, or as prescribed by the Notification of the Capital Market Supervisory Board.

Subcommittees

In addition to the Board of Directors, Asia Aviation has set up a subcommittee to assist in administering the business, that is the Audit Committee. The three members, who are responsible for auditing and internal control for Asia Aviation, are of the qualifications as required by the Stock Exchange of Thailand and the Securities and Exchange Commission. Their duties and responsibilities are as assigned by the Board of Directors of Asia Aviation, as specified in the Audit Committee Charter.

Nevertheless, at the Asia Aviation's Board of Directors' Meeting No. 2/2014, held on February 26, 2014 the resolution was to approve the appointment of the Nomination and Remuneration Committee. The three Independent Directors nominate and set appropriate remuneration for Directors with the details shown under "Nomination and Remuneration Committee".

Corporate Governance Policy

Asia Aviation has set up a written policy on corporate governance and the Board of Directors is to review this policy and the compliance therewith on an annual basis. After the Company's ordinary shares have been listed on the Stock Exchange of Thailand, Asia Aviation shall comply with the relevant rules and regulations as prescribed by the Securities and Exchange Commission, the Stock Exchange of

Thailand and the Capital Market Supervisory Board. The details of the report on corporate governance will be included in the Company's annual report and the annual registration statement (Form 56-1).

Corporate Governance Code for listed companies 2017 (CG Code)

Asia Aviation is currently studying and adopting the CG Code. The Board of Directors has acknowledged the CG Code. Moreover, for having a sufficient knowledge to deploy the CG Code in the Company which applying the principles and focusing on developing the roles and responsibilities, the Board of Director will continuously review the CG Code. The annual reports and annual registration statement (Form 56-1) of the company, is in the process of apply the CG code to all report to comply with and based on the corporate governance policy for the company maximise benefits and sustainability.

Code of Conduct

Asia Aviation has operated its business in adherent to strict business ethics, including safeguarding Asia Aviation's and its subsidiaries' confidentiality, abiding laws, operating in an honest and prudent manner, paying respect to each other, and taking good care of Asia Aviation's properties and the environment. All Directors, Executives and employees shall oblige by this guideline. All Directors and new recruits shall receive a business ethics manual that they have to acknowledge and strictly follow. The Company has disclosed its complete Code of Conduct on the Company's website, under "Sustainability", " under "Corporate Governance" and under "Code of Conduct".

Conflict of Interests

The Board of Directors of Asia Aviation has set up a policy to prevent conflicts of interest on the basis that any decision-making on business transactions shall be made only for the best interest of Asia Aviation and it shall avoid any act which may cause conflicts of interest. It is required that a person who is involved in or has interest in any transaction shall report the involvement or interest in such transaction to Asia Aviation and shall abstain from voting for decision-making and shall have no power to approve such transaction.

In the case of any transaction which is not consistent with the normal course of business or the general trading conditions and may cause conflicts of interest, the entry into such transaction shall be submitted to the Board of Directors of Asia Aviation for the Audit Committee to consider with respect to the transaction appropriateness before proposing to the Board of Directors' Meeting or Shareholders' Meeting (depending on the case) for consideration and approval.

In such case, Asia Aviation shall comply with the requirements prescribed by the Capital Market Advisory Board, the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

Internal Control and Internal Audit

The Board of Directors of Asia Aviation has put the internal control system in place in order for the operation of Asia Aviation to go according to the objectives, Article of Association, and applicable rules and regulations, as well as the internal audit and the check and balance system to effectively protect and look after the capital and investment of Shareholders and Asia Aviation's properties. Asia Aviation has stipulated levels of authority and responsibilities of the Executives and employees and operating regulations in writing. The Internal Control Department has its duty to audit that the performance of all departments in the Company is accurate and line with the regulations. The Audit Committee shall monitor the administration and operation of Asia Aviation in order for Asia Aviation to achieve an effective internal control and reliable financial reporting system. The Internal Control Department shall directly submit the audit report to the Audit Committee for revision and evaluation of the internal control system of Asia Aviation. Ms. Duangporn Tantiwivat acts as the Head of Internal Control. The details on internal control and internal audit can be found under "Internal Control and Internal Audit".

Risk Management

Asia Aviation is aware and realises the importance of risk management in order to achieve effectiveness and efficiency in the Management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation operates its business by holding shares in Thai AirAsia, therefore, risk management system has been established for Thai AirAsia, which is its subsidiary and operates core business.

Risk Management Committee consists of Chief Executive Officer and the Management from all departments to manage internal and external risks that may affect operation to an acceptable and appropriate level by evaluating and examining evaluation result from all departments and revising policy regarding risk management twice a year. The details on risk management can be found under "Risk Management".

Report of the Board of Directors

The Audit Committee has the duty to review the Company's financial reporting and proposes the reports to the Board of Directors of Asia Aviation on a quarterly basis. The Board of Directors of Asia Aviation shall be responsible for the accuracy Asia Aviation's financial statements and financial information as described in the Annual Report. The financial statements shall be prepared in accordance

with the accounting principles which are generally accepted in Thailand and audited by a certified public accountant. An appropriate accounting policy shall be applied and always be complied with. In addition, information shall be adequately disclosed in the notes to the financial statements.

At the Asia Aviation's Audit Committees' Meeting No. 1/2018, held on February 21, 2018, the Audit Committee, consisting of three Independent Directors, evaluated the internal control system by interviewing the Head of Internal Audit and concluded that the internal control for Asia Aviation and its subsidiaries was sufficiently effective in alleviating business risks. The operation of the internal audit in 2017 in inspecting other departments within Asia Aviation and its subsidiaries did not result in any significant weakness in internal control system that can affect the operation of Asia Aviation and its subsidiaries. Auditor did not report any significant weakness.

Board of Directors' Meeting

According to the Articles of Association of Asia Aviation, the Board of Directors shall hold a Board of Directors' Meeting at least once every three months by setting dates for the whole year and additional special meetings may be held as necessary. A meeting notice shall be delivered to Directors for consideration at least five business days prior to the date of the Meeting, unless it is necessary or urgent to preserve the rights or benefits of Asia Aviation. At each meeting, the agenda of the Meeting will be clearly specified and supported by the completed and sufficient documents, and are delivered to the Directors in advance so that the Directors will have enough time to study such information prior to the Meeting. At the Board of Directors' Meeting, each Director shall be able to openly discuss and express his or her opinion. In addition, the senior management will be invited to attend the Board of Directors' Meeting in order to give additional information as they are directly involved in such matters.

Asia Aviation is committed to providing the Board of Directors with adequate, complete continuous and timely information prior to Board of Directors' Meeting. The Directors can directly and independently contact the Company Secretary. The Company Secretary is responsible for advising the Board of Directors of Asia Aviation on the compliance with legal and regulatory requirements.

The Board of Director has also specified that Non-Executive Directors can organise meetings as deemed appropriate without the attendance of any Executive Director or Management, in order to create an opportunity for discussion on business challenges of the Company or other topics of interest.

Remuneration

At the Asia Aviation's Board of Directors' Meeting No. 2/2014, held on February 26, 2014, and the Thai Air Asia's Board of Directors' Meeting No. 1/2014, held on March 3, 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee to determine and propose remuneration for Directors annually for the Board of Directors' and/or Shareholders' approval.

The Committee has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for Directors in other leading companies in the Stock Exchange and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors.

the Company has disclosed the aforementioned information and the remuneration for each Director in the Annual Report and Form 56-1 of the Company, which can be found under "Structure of Directors' Remuneration".

Development on Directors and Management

The Board of Directors of Asia Aviation has a policy to enhance and accommodate the provision of training and knowledge for Directors and Management to administer the business of the Company effectively with the continuous improvement on operation. Directors and Management are encouraged to participate in valuable trainings that are beneficial to their performance, including training by state agencies or independent organisations, for example, Director Training by the Thai Institute of Directors that the SEC requires Directors of registered companies to participate at least in one programme, including the Directors Certification Program (DCP), Directors Accreditation Program (DAP) and the Audit Committee Program (ACP).

In the case of a change in Directorship, the Company Secretary is assigned to assist in the preparation for the Director's duties by coordinating in the following areas:

1. Collecting required information related to Directorship to ensure the compliance with applicable laws related to Directorship.
2. Preparing useful information for new Director to perform his/her duties, for example, Articles of Association of the Company, Director's Manual for Listed Companies, Operating Results, and Nature and Direction of Business.
3. Organising meetings or discussions between Chairman and Directors, and Management to acknowledge and inquire about the business operation of the Company and its subsidiaries.

The Performance Assessment of the Board of Directors

The Performance Assessment of the Board of Directors shall be carried out annually by dividing into the Performance Assessment of the Board of Directors and the Individual Performance Assessment (Self- Assessment), to be used as the framework in examining the performance of the Board of Directors and in improving the performance of the Board of Directors to correspond with specified policies.

The Performance Assessment of the Board of Directors covers six main areas as follows:

1. Structure and qualifications of the Board of Directors
2. Roles, duties and responsibilities of the Board of Directors
3. Board of Directors' Meeting
4. Performance of the Directors
5. Relationship with the Management
6. Self-improvement of the Directors and Executive development

Moreover, the Board of Directors has arranged for an annual performance assessment for the Chief Executive Officer, main areas as follows:

- Section 1:** Progress of plan with specified goals and milestone for each goal
- Section 2:** Performance assessment
- Leadership
 - Strategic setting
 - Strategic practice
 - Financial planning and results
 - Relationship with the Board of Directors
 - External relationship
 - Management and relationship with human resources
 - Position succession
 - Knowledge of products and services
 - Personal characteristics
- Section 3:** Self-improvement

As such, the Nomination and Remuneration Committee is responsible for reviewing performance assessment to be accurate, complete and comply with good corporate governance. Also the Committee have considered the results of the director self-assessment in the past year as a reasonable criteria for the consideration of the remuneration of directors and the Chief Executive Officer. The Company Secretary summarises the results of the assessment and reports to the Board of Directors to further improve operational efficiency in more effective way.

Report of Interest

The Company has required that Directors, Executive Directors, and Management, under the definition by the Securities and Exchange Commission, provide report of interest for themselves and their related persons when they are appointed. Changes shall be revised and reported annually.

Succession Plan

The Board of Directors has established succession plans for positions of Chief Executive Officer and Senior Management by evaluating and analysing the potential of the qualification for the development, training and management learning in an individual plan in order to maintain confidence from stakeholders that the operation of the Company can continue without any disruption.

The Board of Directors has assigned the Nomination and Remuneration Committee to consider and specify the criteria and succession plan when the position of Chief Executive Officer is vacant. Revision of the succession plan shall be carried out annually and Chief Executive Officer is to report to the Board of Directors regularly on the succession plan.

The Use of Internal Information

Asia Aviation's and its subsidiaries' Boards of Directors have set the policy and procedure for the Directors and Management and employees in using the inside information that has not been made public for personal interest and communicated the policy to their Directors, Management, and employees for their acknowledgement in writing in the Code of Conducts with details as follows:

1. Inform the Directors and Executives regarding their duties in reporting the Securities Holding Reports for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), along with the Acquisition or Disposal of Securities Report for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 246, and the penalty as prescribed in Article 298 of the Securities and Exchange Act B.E. 2535 (and its amendment).
2. The Directors and Executives of Asia Aviation, along with their spouses, and their minor children to prepare and disclose the Securities Holding Reports and the Acquisition or Disposal of Securities Report of Asia Aviation's securities to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), and copies of the reports to be submitted to Asia Aviation on the same day as to the Securities and Exchange Commission.

3. Directors, Executives and employees of Asia Aviation and its subsidiaries, who have an access of any inside information that can affect price of stocks, shall be careful in the trading of Asia Aviation's stocks within one month before the financial statements or the inside information are accessible to the public and 24 hours after the said information is accessible to the public. The person related to the information shall not disclose the information to the third party before the information is disclosed to the Stock Exchange of Thailand. Disciplinary punishment shall be imposed on the offender, as prescribed in the staff regulations of Asia Aviation. Punishment, appropriately determined on a case to case basis, includes verbal warning, written warning, probation, or dismissal.
4. Directors, Executives and employees of Asia Aviation shall not use any inside information they receive from their positions, that can affect price of stocks and has not been disclosed to the public, for trading, or offering to buy or sell, or persuade others to buy or sell, or to trade other stocks or securities (if any) of Asia Aviation directly or indirectly, which may cause any damage to Asia Aviation directly or indirectly, for their own interests or for others', nor shall they disclose the said information to others for compensations or nothing.

AUDIT FEE FOR THE YEAR 2017

Asia Aviation and its subsidiary paid the audit fee to PricewaterhouseCoopers ABAS Ltd., as external auditors for 2017. Nevertheless, PricewaterhouseCoopers ABAS Ltd. do not have any relation or any conflict of interest with the Company, the Executives, or the Major Shareholders, or anyone related to the aforementioned persons. The details of audit fee for the year 2017 are as follow;

Audit Fee

In 2017, Asia Aviation and its subsidiary paid the audit fee of Baht 4.93 million to the office of the Auditors, comprising Asia Aviation and subsidiary's audit fees of Baht 1.07 million and Baht 3.86 million, respectively. No other audit fee had been paid to the auditors or related parties to the auditors and the Auditors' office.

Non-Audit Fee

Its subsidiary paid total non-audit fee for the special purpose review and advisory service was Baht 0.80 million. No the expense of undelivered work for the year 2017.

The engagements of the office of the Auditors and its related parties to provide the non-audit work were reported to the Audit Committee to ensure that it would not involve any conflict of interest or any review of their own work which would contaminate the independence judgment of the Auditors.

พาสปอร์ตหาย..เทวดาช่วยไม่ได้
แต่ Tune Protect ช่วยได้
เค้าคุ้มครองการสูญหาย หรือเสียหาย
ของพาสปอร์ต ตลอดทริปเลยนะ



ทำประกันภัยการเดินทาง Tune Protect

คุ้มครองตลอดทริปตั้งแต่เช็คอินขาไป ยาววว..จนไปเที่ยว จนเดินทางกลับถึงสนามบิน

- คุ้มครองความสูญหาย หรือเสียหายของกระเป๋าเดินทาง และทรัพย์สินส่วนตัว
- ชดเชยค่ารักษาพยาบาลเนื่องจากอุบัติเหตุ หรือการเจ็บป่วย
- คุ้มครองการสูญหาย หรือเสียหายของพาสปอร์ต และเอกสารที่เกี่ยวข้องกับการเดินทาง

บินเที่ยวมันใจ ดูแลให้ตลอดทริป

ซื้อประกันภัย Tune Protect
ได้ง่ายๆ หลากหลายช่องทาง



ซื้อพร้อมบัตรโดยสาร
ที่ AirAsia.com



ผ่านทาง AirAsia
Mobile App



ผ่านทางเว็บไซต์
www.tuneprotect.com/airasia



ผ่านมมบูจิกการบูคกิง
หรือขณะทำการเช็คอินผ่านเว็บไซต์

หมายเหตุ *Tune Protect คุ้มครองโดย บริษัท ทุนประกันภัย จำกัด (มหาชน) ดำเนินการจัดให้มีการประกันภัย โดย บริษัท แกรท ฟอรัทูน โบรคเกอร์ จำกัด โอนอนุญาตเลขที่ ๖๐๐๑๘/๒๕๕๖

**ความคุ้มครองขึ้นอยู่กับแผนที่ซื้อ เริ่มต้นเงินไปตามข้อกำหนดของกรมธรรม์ โทร. 02 203 9798 อีเมล: enquiry.th@tuneprotect.com





Corporate Social Responsibility

Spreading Happiness Through CSR Activities in 2017



*AirAsia Joins with UNDP
proclaiming Commitment for
Sustainable Development*



*Thai AirAsia passes evaluation
on ICAO standards*



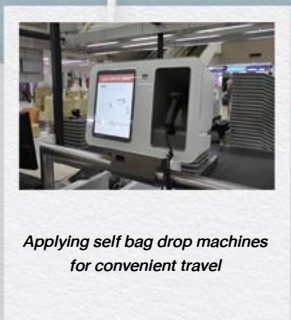
*Agreement signing with the
Friendly Design Foundation to
employ people with disabilities*



*"AirAsia Youth Cultural
Ambassadors" Preserving
Thai Arts and Culture*



*Continuing the Journey D
to enhance
community-based tourism*



*Applying self bag drop machines
for convenient travel*



*To South With Love/To Isan
with Love saw Allstars
volunteers giving relief supplies
bags and cleaning flooded
areas, and transferred donated
items without charges.*



*Sharing happiness and care
with AirAsia Allstars and family
on the Mother's Day*

Corporate Social Responsibility

Thai AirAsia Co. Ltd. is a leading low-fares airline with its majority owned by Asia Aviation Plc. On top of offering “Truly Low Fares, Trusted Quality” with a focus on on-time service, attention to safety and an extensive network, the airline also gives great importance to its Corporate Social Responsibility (CSR) and is determined to bring about Sustainable Development.

Thai AirAsia maintains a clear CSR policy built on its strong travel and service capabilities with details as follows:

CONSUMER RESPONSIBILITY (CUSTOMERS)

Thai AirAsia’s “Truly Low Fares, Trusted Quality” motto means that on top of offering cost-effective flights, “Service Quality” is also priority. The airline is always striving to offer genuine service to its passengers and to apply innovations to offer travellers a new and exciting experience.

Throughout 2017, Thai AirAsia continually added new aircraft to its fleet, especially Airbus A320 neo airplanes, which are fuel efficient and eco-friendly while also reducing cabin noise for a more comfortable flight.

“Safety” was another area that Thai AirAsia has continued to prioritise. The airline is continually enriching its entire staff, from pilots and cabin crew to ground operations, with aircraft maintenance knowledge while also performing regular emergency drills and maintaining a trustworthy safety inspection system to ensure conformity to the airline industry’s strict standards. The airline is open to regular safety checks by both domestic and international agencies.

In 2017, Thai AirAsia was proud to be the first low-fares airline to receive AOC Re-Certification according to International Civil Aviation Organisation (ICAO) standards from the Civil Aviation Authority of Thailand (CAAT) as it was an affirmation of the airline’s professionalism, international standards and readiness to be assessed for passenger confidence.

Thai AirAsia’s service prioritises the consumer and seeks to present low cost services that adhere to a verifiable, international standard. The airline pays close attention to ensure its customers know all of its product prices so that they may choose the service that best fits their needs. The pay per service system also allows more consumers to access air travel by removing the obstacle of prohibitive pricing while regular sales promotions extend the access even further.

On customer care aspect, Thai AirAsia always informs passengers as promptly as possible in times of crisis or in situations where their flight cannot take place as scheduled and makes sure to provide reparations for the highest satisfaction and fairness of its travellers.

ENVIRONMENTAL CARE

Thai AirAsia is a low-fares airline that cares about the environment and is always seeking to reduce its need for nonrenewable resources throughout its systems and services. On top of efficiently managing its capital, Thai AirAsia is also determined to be a crucial part of protecting Thailand's and the world's environment, believing it to be the responsibility of all organisations.

Thai AirAsia's environmental care starts at its fleet, which is populated by Airbus A320 airplanes, cutting edge aircraft that are energy efficient and environmentally friendly. Going further, the airline chose "Sharklet" wing-tipped planes that use the latest technology to cut fuel consumption and is gradually upgrading its fleet with Airbus A320 neo (new engine option) airplanes, which with their new engine designs are able to use 15 percent less fuel per year.

Thai AirAsia ended 2017 with a fleet of 6 Airbus A320 neo airplanes out of a total 56 aircraft with plans to add more as an investment toward more eco-friendly operation.

In its services, Thai AirAsia is also mindful of its resource consumption. The airline uses

shorter checked baggage tags to address paper and ink savings. The airline's boarding passes are printed on small, non-processed paper, and Thai AirAsia was the first airline to introduce the electronic boarding pass (E-Boarding Pass), allowing passengers to present an image of their boarding pass from their mobile phone at the boarding gate as to do away with the need for a printout. The airline's self-baggage drop facility at Don Mueang Airport and Chiang Mai Airport, which cuts resource needs has also been well-received.

For flights, it is Thai AirAsia's policy to promote pre-book meals and services so that it can better manage meal production and preparation of other wasteful services. Reduced weight from the improved management also results in more efficient fuel consumption on the airline's flights.

COMMUNITY AND SOCIAL DEVELOPMENT

Thai AirAsia understands the importance of being part of the community and social development efforts, and in 2017 took an important step by declaring its intention to conduct operations in support of Sustainable Development, going as far as to sign an agreement for cooperation with the United Nations Development Programme (UNDP), one of the world's most crucially international networks for development and a great source of knowledge, experience and resources for the betterment of the world. Thai AirAsia and UNDP have committed to enacting efforts within the framework of the United Nations' 17 Sustainable Development Goals.

Throughout 2017, Thai AirAsia engaged in the following community and social development activities:

1. Journey D: Supporting and Developing Sustainable Community-Based Tourism

Thai AirAsia Co. Ltd. responded to the government's Pracharat Policy Programme, which seeks to have private operators contribute to public efforts to elevate the quality of life of communities through contextual development and with sustainability.

Thai AirAsia and the United Nations Development Programme acknowledged the importance of the policy while also seeing the growing popularity of community-based tourism among both Thai and international travellers. Journey D programme was created to work with communities on developing their tourism standards. Through 2017,

Thai AirAsia facilitated a network of experts on community-based tourism to dispense their knowledge on 3 topics:

- **Community-Based Tourism Standards Enhancement and Development**
Thai AirAsia worked with expert organisations to hold workshops for community tourism leaders to improve their skills in areas such as homestay standards, waste management, tourism site management, communications, pricing and capital management and activity design. A key partner was Local Alike, a social enterprise which designed a programme for enhancing community-based tourism leaders and their areas to sustainably welcome visitors in search of environmental and cultural tourism.

- **Community Products Development**

To create new revenue streams for communities, the programme supported the development of locally made products, emphasising each area's distinction and uniqueness. Products were chosen based on the capabilities of each community and help was provided in areas such as quality development, packaging and pricing. Marketing channels were also found to ensure that revenue would return to the communities. This effort was handled by Local Alike, Big Trees Group and Thai AirAsia.

- **English Knowledge Enhancement through "English on Air"**

Working with faculty from Chulalongkorn University, Journey D designed an English learning programme specifically for community tourism operators with volunteers from AirAsia Allstars community taking on the task of relaying the lessons.

Thai AirAsia and its partner agencies made sure to choose communities that are ready for assistance and tourism, selecting areas based on their natural resources, community stability, unity and openness to development. The programme took place through 2017 in the four communities of Pha Mhee in Chiang Rai, Baan Kok Muang in Buriram, Kho Klang in Krabi and Phrom Lok in Nakhon Si Thammarat.

All the four communities were able to establish their own Journey D community tourism commissions comprised of committees handling tourism administration, visitor coordination, homestays, food, special activities and

transport. The commissions also considered the unique aspects of community products and helped to develop and design their qualities and packaging so that they could be marketed.

2. AirAsia Friendly Design: Promoting Universal Accessibility

Thai AirAsia as a provider of air travel, is always mindful of travel equality and worked with the UNDP and Friendly Design to campaign for greater awareness in Thailand of the need to facilitate "Universal Accessibility" for the elderly, disabled, infirm, pregnant and young. AirAsia Friendly Design has been a continual effort to improve Thai AirAsia's service both in terms of personnel and facilities to provide equal access to all people. In 2017, the programme focused on development in two areas:

- **Personnel**

AirAsia worked with Bumrungrad Hospital in "Train the Trainers" programme, teaching staff in every department of the airline how to properly facilitate passengers with special needs.

- **Facilities**

AirAsia surveyed the need for assistive equipment such as ramps and wheelchairs and added any tools needed to accommodate passengers with special needs.

Moreover, promotion campaigns were held to spread awareness to state and private agencies, encouraging them to enhance tourism sites and public buildings for universal accessibility. Through its efforts, Thai AirAsia was recognised with the

"Friendly Design Promotion Organisation of the Year" award, receiving the honor from Gen. Anantaporn Kanchanarat, Minister of Social Development and Human Security, on December 1, 2017 at Thailand Friendly Design Expo 2017.

Building on AirAsia Friendly Design, Thai AirAsia worked with Friendly Design to hire more disabled individuals in accordance with Section 35 of the Persons with Disabilities Empowerment Act of 2007. The purpose of the CSR activity was to both provide careers to the disabled as well as to promote Friendly Design, allowing for equal access to public spaces and unhindered travel. Disabled individuals were hired into the programme to study, disseminate Friendly Design information, communicate and foster understanding with society; advise, negotiate and entice partners and propose policies to public and private executives to bring about Friendly Design. At present, the programme has hired a total 54 disabled individuals.

3. "AirAsia Youth Cultural Ambassadors" Preserving Thai Art Culture

Thai AirAsia and the Ministry of Culture worked together to provide complimentary air travel for all of Thailand's National Artists for the fifth year in 2017. The purpose of the programme is to support National Artists in promoting Thai culture, adding value and helping to preserve all forms of Thai heritage.

To further achieve these objectives, Thai AirAsia joined hands with Thairath Foundation to select youths from Thairath Vithaya Schools talented in traditional Thai arts, appointing them as "AirAsia Youth Ambassadors" and facilitating their

travel both domestically and abroad to promote their areas of expertise. The Youth Ambassadors in 2017 took part in Thai Festival in Singapore, which took place at the Thai Embassy in Singapore 4-7 May, Thai Festival in Tokyo, which took place in Yoyogi Park in Shibuya district of Tokyo, Japan May 12-15 and Thai Festival in Seoul, which took place in South Korea between June 30 and November of 2017.

4. To South/Isan with Love: Aid from AirAsia to the Flood Victims of the South and Northeast

Severe flooding in the Thai south in January 2017 and its northeast in August resulted

in widespread damage, affecting the lives and property of over five million people. In aid of these victims, Thai AirAsia provided logistical support to public and private agencies as well as associations contributing necessities to impacted areas. The airline was successful in garnering the cooperation of its allies, partners and local offices to ultimately transport over 30 tons of relief to those in need.

Thai AirAsia's Allstars at the same time organised the "To South with Love" activity on Friday January 20, 2017 travelling to Nakhon Si Thammarat to volunteer at a Big Cleaning event and pass out relief to affected residents of Kanom District. "To Isan with

Love" took place on Friday August 11, 2017 with Allstars travelling to Sakon Nakhon and Nakhon Panom to assist in the Big Cleaning activity and pass out donations.

All of Thai AirAsia's community and social development activities are at their most fundamental designed to have its "employees" understand the need to participate, contribute and drive efforts together, a key reason behind their success and continued growth.

INNOVATION APPLICATION AND PROMOTION

Thai AirAsia is an airline of innovation, determined to continually improve its customer experience and enhance its operational efficiency with innovations such as:

- Self Check-In**
 which allows passengers to forego the standard check-in counter at the airport by checking in to their flight via the airline's website, their mobile phone or at check-in kiosks, providing a faster and more convenient experience.
- Self Baggage Drop**
 which allows passengers to print their own baggage tags straight from the check-in kiosk and to weight their baggage for entering into the airport's security procedure. The service was launched full service at Don Mueang Airport and Chiang Mai Airport and is slated to expand to more airports in the future.
- Meal and Ancillary Service Pre-Booking**
 which allows passengers to choose over 20 more menu items from meals available in-flight. Passengers can pre-book a meal right as they book their ticket and have a greater selection of meals from the usual few. Moreover, passengers can pre-book services such as added baggage allowance, seat selection and city transfer. New products and meals are constantly being added for pre-booking not only adding more variety but also bring out novelty menus to passengers.

- Island Transfer - City Transfer**
 service extends the airline's transport service beyond destination airports by allowing passengers to purchase shuttle tickets to islands and cities while they are booking their flight tickets and then being able to board their shuttle straight from the airport.
- Thai AirAsia's Fly-Thru**
 service is for passengers connecting through Don Mueang Airport and allows them to forego purchasing separate tickets as well as to only have to check-in and have their baggage checked once across their entire journey. With Fly-Thru, passengers only have to select their origin and terminal destination with the connection through Don Mueang Airport automatically added. Only single check-in and baggage drop is needed, making the journey much more convenient.

RESPONSIBILITY TOWARD EMPLOYEES

Recruitment Policy

- Thai AirAsia continues to recruit more employees to support the growth and the expansion of the fleets to serve passengers and for the opening of new routes and the increase in frequencies of existing routes.
- The recruiting process is based on the equal opportunity and fair system of written examination and interviews by a panel of committees with experiences, knowledge, and skills in a transparent manner.
- Employees are given importance and taken care of as a family member. Employees are appropriately taken care of in terms of compensation and benefit, in the warm and sharing working atmosphere. Mentoring system is promoted in order to create happiness for employees at work.

Benefit Management

Thai AirAsia provides the benefits for employees under the policy to manage benefits according to the needs and advantages of the employees. Benefits include:

- Annual health check-up
- Group life insurance
- Group health insurance
- Provident fund which Thai AirAsia contributes according to the period of membership at the maximum of 10%
- Thai AirAsia Savings Cooperative
- Free air ticket for employees' weddings
- Free air tickets (16 points per year)
- A discount of 90% for unlimited air ticket per year
- Financial aid in case of death of family members, namely parents, spouses, and children
- Financial aid for child birth

- Employee uniforms
- Financial aid for medical treatment of four diseases including cancer, heart disease, stroke and chronic renal failure.
- Employee Lunch Welfare

Remuneration and Salary Management

Thai AirAsia has established a policy to manage remuneration in a fair and appropriate manner suitable for knowledge and skills of the employees according to the appraisal system and the job positions. Salary survey is done based on the external market and leading companies for appropriate adjustment in order to remain competitive in the same industry and to attract new talents.

Employee Relation Activities

Thai AirAsia exposes its employees to comment on the activities and engage in creating various in-house activities of employees to promote good interpersonal relationships between employee and employee, employee and organisation, as well as employees and community, bringing forth the unity of the group and leading to happiness at work in the organisation as follows:

- **Social activities** employees as volunteer to carry out activities, e.g. volunteer to help the flood-affected areas, receipt of donations; money and objects to help those employees' families who have been affected by flooding disaster both inside and outside the country, volunteering in the community such as teaching children, giving help to dogs' shelter etc.
- **Corporate anniversary** the management and staffs make merits on the anniversary by individual religious ritual, and having a luncheon for employees across the country.

- **Activities to promote employee health** employees are grouped in the favour of their interest in physical exercise, sponsored by Thai AirAsia for various activities, including running for health, yoga practice, badminton, football group, basketball group and biking group etc.
- **Allstars Regional Futsal Tournament 2017** at Grand Soccer Pro. AirAsia, we called our employees as "All Stars". All employees from Office Support and Operation Department are able to participate toward sports to create unity and the same integrity among AirAsia.
- **AirAsia Allstar Celebrates 50th Anniversary of ASEAN Association** by Flashmob show on August 8, 2017, at the DonMuang Airport by the cooperation of all departments.

Human Resources Development

As Thai AirAsia aims to continuously develop human resources with knowledge and expertise, and good quality of life according to the good corporate governance, Thai AirAsia has established a policy to develop human resources to their potential and to prepare them for the competition that will drive and sustainably strengthen the organisation. The goal is to get the employees to develop themselves using their own potential and to create proactive working atmosphere in practicing their skills and developing their knowledge and expertise to create confidence in dealing with changes and challenges in business competition.

Thai AirAsia is providing trainings according to needs of each business unit as follows:

Trainings for Engineers

- Maintenance Familiarisation
- AMOS Training
- Basic Digital Avionics
- Basic Gas Turbine
- Basic Airframe
- Basic Electronic

Training for Flight Attendance

- Duty Free/Handheld Device
- Thai Announcement
- Airline Business
- Civil Aviation Regulations
- Flight Attendant Procedure

Training for Ground Staff

- Customer Service Excellence
- Central Baggage Tracking Office
- Sky Speed
- Duties & Checks
- Disability Equality Training

Training for Pilots

- Meteorological
- Weight & Balance procedures
- Flight Operation, Report, Form, Merlot
- Pilot Transit Check
- Auto Flight
- Aircraft System Examination

Training for Ramp

- Ramp Ground Handling
- Aircraft Pushback
- Initial Airside Safety and ERP Plan

Compliance to Rules and Regulations and Business Ethics

Thai AirAsia determines to promote understanding among the employees in regard of principles and policies related to business ethics and the compliance to rules

and regulations, along with the handling and reporting of suspicion of violation of laws, rules and regulations, and policies of Thai AirAsia that raises doubts in integrity of the employees or Thai AirAsia.

Thai AirAsia has provided related training, for example, training on Code of Conduct, training on prevention of corruption, and anti-corruption and anti-bribery training, which are compulsory for all employees at all levels. All new recruits shall participate in the following trainings and take required examination during their probation periods otherwise they will not pass the probation:

- Code of Conduct Training for all employees to understand the principle and standard that all employees shall adhere in order to eliminate doubt in integrity of the employees and Thai AirAsia.
- Fraud Awareness Training for employees to learn to prevent and report any suspicious act of corruption for Thai AirAsia.
- Anti-Corruption and Anti-Bribery Training for employees to understand problems and effects of corruption and bribery, and to learn to prevent and report any suspicious act of corruption or bribery through the Company's channels.

Occupational Safety, health and environment in the workplace

In 2017, Thai AirAsia has pursued on safety initiatives under the Safety Management System with the cooperative coordination with the Safety Department, Subcommittees on Pilots Safety, Subcommittees on Crews Safety, and Occupational Safety, Health and

Environment in Workplace Committee for projects, and reported directly to the CEO, to focus the management for sustainable safety of the organisation.

In the past year, Thai AirAsia has supported and promoted safety in many activities, for example:

- Safety Always 2017 program which aims at creating the safety culture of the organisation.
- Behaviour based safety (BBS) activity that creates positive approach by ground safety officer together with heads of units to observe employees' behaviour, with praise for safety behaviour and caution for risky behaviour, and constant follow-up on risky behaviour to achieve the sustainable "safety culture". At the start of the programme (January 2017), the percentage of safety behaviour was 99.57, and at the end of the programme (December 2017), the percentage of safety behaviour was 99.87
- Safety Icon activity which is the selection of employees with outstanding performance in terms of safety as an example for other employees.
- Hazard reporter activity that focuses on the participation of employees in reporting hazard or unsafe work environment, and improvement on the safety issues reported by employees, to proactively prevent accidents. In 2017, there was a total of 1,740 reports on hazards.
- Kiken Yoshi Training (KYT) to train each employee to analyse or predict hidden hazard in operation and to prevent the hazard correctly and appropriately

- Prepare and review the manual to deal with emergency in order to handle the Company's emergency accurately, timely, appropriately, contemporarily and in compliance with the latest ICAO requirements.
- Prepare and review safety management manual in order to precede and manage the Company's safety accurately, appropriately, contemporarily and in compliance with the latest ICAO requirements.
- Preparing and revising emergency plan for each stations in the country and abroad to use as a guideline in handling the emergency appropriately at each station.
- Training for the Special Assistance Team as a preparation in handling the emergency for passengers and their relatives including physical and mental assistance.
- Regular training for safety officer at the Management, Operation, Supervisory level and Occupational Safety, Health and Environment in Workplace Committee.
- Crew Resource Management training for pilots and cabin crew annually.
- Safety Emergency Procedure training for pilots and cabin crew annually.
- Emergency Response Plan for pilots and cabin crew annually.
- Safety Management System for all employees.
- Firefighting training for ground staff.
- First aid training and medical evacuation training to reduce risk in incorrect medical evacuation.
- Inspection of working environment, for example, noise inspection and light inspection to take pre-caution in working environment that may be health hazard for employees.

However, the aforesaid activities on occupational safety, health and environment in workplace proactively to prevent accidents and incidents resulted in the reduced ground accidents and incidences in 2017 to 0.47 per 1,000 outbound flights, decreased from 0.53 in 2016.

HUMAN RIGHTS POLICY

Asia Aviation and Thai AirAsia operate with respect to and give importance to promote the protection of human rights in all aspects, and will not engage or take part in any act of violation of human rights. The Company and its subsidiaries shall adhere to the principles of human rights and all applicable laws and regulations.

Asia Aviation and Thai AirAsia impartially respect the rights of all employees and stakeholders without prejudice against origin, race, religion, gender, ethnicity, age, disability, or any other status entitled for rights, by adopting the principle of human rights.

Asia Aviation and Thai AirAsia regularly study and follow changes and modifications in applicable regulations and laws related to human rights in order to effectively enhance the Company's policy on human rights.

Asia Aviation and Thai AirAsia provide knowledge and understanding for the Board of Directors, Management, and all employees in regard of human rights in terms of policy and operating practice, and urge all employees and stakeholders to cooperate in examination and reporting any violation of human rights through Whistle Blower. For the year 2017 the Company had not received any complaint regard to violation of human rights.

Treatment for Employees

- Recruitment shall be done on the basis of fairness and equality. Everyone shall receive an equal opportunity in applying and examination for employment under the applicable legal framework and related regulation, without any discrimination based on gender or disability that does not prevent the person from performing his or her duty.
- Employees shall be treated with fairness and honesty. All employees shall be employed under regulations and conditions that comply with laws, regulations, and customary practices.

Child labour, forced labour, or breach of labour standard shall not be practiced.

- Any violation of human rights shall be eliminated. Discrimination shall be prohibited and measures will be put in place to ensure equal opportunity for all employees.
- Operating policy shall be put in place to guarantee personal safety for all employees, along with their entitled rights for a clean, safe, and healthy workplace.
- Physical punishment, mental or physical abuse, or verbal harassment shall not be practiced or accepted.

Treatment for Other Stakeholders

- The Company shall respect the rights in relation to laws, culture and traditions, for all the stakeholders including customers, business partners, subcontractors, and communities around the workplaces. All stakeholders shall be treated equally and encouraged to follow the international standards for human rights.

INTELLECTUAL PROPERTY RIGHT POLICY AND PRACTICE

Asia Aviation and Thai AirAsia operate with respect to, and encourage the human resources to perform their duties, in compliance with laws and regulations regarding intellectual property right, including trademarks, patents, copyrights, trade secrets, and other intellectual properties specified by laws, for example, the use of copyrighted computer software that are inspected and installed by the Company's information technology department only, the encouragement for employees to examine their work or information that it does not violate any intellectual property right.

ANTI-CORRUPTION POLICY

Asia Aviation and Thai AirAsia operate businesses on the basis of transparency, fairness and integrity by identifying the organisation structure with clear segregation of responsibilities, working process, chain of command in each organisation so as to balance the appropriately intra-related power. Practical guidelines for directors, management, staff and related parties are determined so as to protect and prevent every form of fraud and corruption. This is the joint obligations to perform duties, make decisions and conduct businesses that may expose to certain fraud and corruption under good investigation and care. Details are as follows:

Definition

"Corruption" means any act of bribery by engaging in the act of directly or indirectly offering, promising, soliciting, asking, or accepting money, valuable items, or any inappropriate advantages with government officials, state or public agencies, or any concerned agents so that the said agents perform or refrain from performing their duties rightfully in order to gain or achieve unethical advantages for business. Exceptions shall be made should they be permitted by laws, rules, regulations, announcements, customs, local traditions, or common business practices

Overall Policy

All Directors, members of Management, employees of Asia Aviation and Thai AirAsia are prohibited from implementing or accepting any act of direct or indirect corruption. Anti-Corruption policy audit or examination shall be done regularly along with revision of roles and duties of all concerned parties and the guidelines for practice, in order to remain relevant to changes in businesses, rules, regulations, and legal requirements.

Roles and Responsibilities

1. Board of Directors has duties and responsibilities in setting policies and overseeing the promotion of the effective anti-corruption system in order to ensure that its members of Management are aware and give importance to counter bribery and corruption.
2. Audit Committee has duties and responsibilities in auditing the financial reporting system, internal control system, and risk assessment, to ensure that the systems hold least risk in corruption that may affect the Company's financial position and operations, and that the systems are appropriate, trustworthy, and in accordance with international standards. The Committee shall also be notified of suspicious engagement in corruption or bribery involving internal parties, and examines cases and proposes punishments alongside the Board of Directors.
3. Chief Executive Officer and members of Management have duties and responsibilities in setting up the system and promoting and supporting anti-corruption policy in order to disseminate to employees and all associated parties to adopt for operation. They also shall review the appropriateness of the system and measures in correspond with the changes in business, and rules, regulations and legal requirements.

4. Internal Control Department has its duty to audit that the performance of all departments in the Company is accurate and line with the regulations. The Department is responsible for the audit report and the risk evaluation in relation to corruption from internal control examination, for the Audit Committee. In addition, the Department is to be responsible for any tasks assigned by the Audit Committee concerning corruption investigation.

Operating Guidelines

1. Directors, Management, and employees at all levels shall uphold the Anti-Corruption and Business Ethics policy by not directly or indirectly engaging in any act of corruption.
2. Any employee who discovers any act of corruption related to the Company or its subsidiary must report it to his/her supervisor or a responsible person. Employees shall provide cooperation in investigation. Should employees have any questions or doubts, they can consult their supervisors or a responsible person whose duty is to monitor business ethics compliance through established channels.
3. Asia Aviation and Thai AirAsia shall provide justice and shall protect the employees or the persons reporting the violations by adopting measures to protect whistleblowers or those who cooperate in reporting the corruption as specified by the Whistleblowing Policy.
4. The violator of the Anti-Corruption policy is deemed as breaching the business ethics, and shall be considered for disciplinary punishment as regulated, and may be punished by laws should the violation is unlawful.
5. Asia Aviation and Thai AirAsia communicate and create understanding and awareness for all stakeholders who perform or operate any significant issues that may affect the Company

or its subsidiaries in relevance to the Anti-Corruption policy.

6. Any activity in concern with the Anti-Corruption policy shall follow the guidelines on code of conduct, good corporate governance principles, and practice guideline towards stakeholders, relevant rules, regulations, and operating guidelines, and other guidelines that Asia Aviation and Thai AirAsia may issue in the future. However, for operation clarity in issues that involve high corruption risk, Directors, Management, all employees at all levels shall take extra attention when handle the following issues:

Financial or Other Benefits

- Directors, Management, and employees shall not personally accept financial or other benefits from customers, business counterparts, or any persons for working in the name of Asia Aviation and Thai AirAsia.
- Directors, Management, and employees shall not lend or borrow, or collect contribution from customers or business counterparts of Asia Aviation and Thai AirAsia except loans from banks or financial institutions as customers of said banks or financial institutions.

Gift and Hospitality

- Directors, Management, and employees shall avoid accepting gift, in cash or in kind, from customers or business counterparts of Asia Aviation and Thai AirAsia except in the customary traditions and the value does not exceed THB 5,000. If the value of the gift exceeds THB 5,000, the employee shall declare the gift to his/her supervisor for further appropriate action.
- Directors, Management, and employees may accept business

hospitality if it is beneficial for Asia Aviation and Thai AirAsia. However, hospitality shall be avoided if it is in the manner not appropriate for business relationship from persons relevant to Asia Aviation and Thai AirAsia or future business counterparts.

Cash or Other Rewards

- Asia Aviation and Thai AirAsia do not have any policy to offer cash, bribery, inducement, or any special rewards in any forms to customers, business counterparts, other external agents, or any individuals in order to gain business advantages, except customary business hospitality, business discount, and the Company's sales promotion.

Charitable Contribution or Sponsorship

- Charitable contribution or sponsorship shall be done in a lawful and transparent manner and follows procedures specified by Asia Aviation and Thai AirAsia. Examination and approval of transaction shall be done by authorised persons of Asia Aviation and Thai AirAsia and follow up shall be done in order to ensure the contribution or sponsorship is used in accordance to its objectives and not as a subterfuge for bribery.

Risk Assessment for Corruption

The Company has set up a team consisting of Internal Audit Manager, Compliance and Accounting Manager to assess its exposure to fraud and corruption. Their responsibilities are to determine the procedures for risk management on fraud and corruption by jointly assess, analyse, monitor, control and update risk status on the overall fraud and corruption to remain at the acceptable level. The team will investigate the suspected cases that are vulnerable to fraud and prepare the annual report for presentation to the Audit Committee.

Risk assessment tools are used to assess exposures to fraud and corruption by adjusting The Association of Certified Fraud Examiners' guidelines in evaluating the internal control environment and various kinds of frauds that may incur in the Company. In 2017, the team analysed and assessed business risks of various departments so as to identify their exposures to fraud and corruption e.g. manipulation; forge; change of record or document or financial report; misuse of business assets; misappropriation; conflict of interest; abuse of internal information; corruption in various forms; etc. Last year, exposures to fraud and corruption remain in the acceptable level. Information from the assessment will be used as guidelines to increase the Company's internal audit efficiency and effectiveness and to find preventive measures on fraud operations by setting the good internal control system.

Dissemination of Anti-Corruption Policy

For every individual in the organisation to be aware of the Anti-Corruption policy, Asia Aviation and Thai AirAsia will perform the following actions:

1. Communicate the Anti-Corruption policy through cooperate communication channel, namely the Company's website, Annual Registration Statement (56-1), and Annual Report (56-2).
2. Provide training on Anti-Corruption policy for new recruits.
3. Review Anti-Corruption policy annually.

Internal Control and Risk Management

INTERNAL CONTROL AND INTERNAL AUDIT

The Board of Directors has put the comprehensive internal control system in place in order to ensure the Company and its subsidiary's compliance with the objectives, Article of Association and applicable rules and regulations, as well as the check and balance mechanism to effectively protect the capital and investment of Shareholders and asset of the Company and its subsidiary. The Company has stipulated levels of authority and responsibilities of the Executives and employees and operating regulations in writing. The Internal Audit Department has its duty to audit the operation of all departments in the Company and its subsidiary to ensure compliance with the established rules and regulations. The Audit Committee oversees the management and operation of the Company in order to ensure an effective internal control and reliable financial reporting system. The Internal Audit Department reviews and evaluates the internal control system of the Company and its subsidiary and reports the audit result directly to the Audit Committee.

At the Board of Directors Meeting No. 2/2018 on February 21, 2018, the Audit Committee consisting of 3 independent directors attended the meeting. The Board of Directors evaluated the internal control system by asking Head of the Internal Audit Department and concluded that from the evaluation of various aspects of the Company's internal control system, i.e. 5 components; control environment; risk assessment; control activities; information and communication. The Company provided sufficient personnel to implement the system efficiently including the internal control system on the supervision of the subsidiaries' operations to prevent the misuse of Company's and its subsidiaries' assets from the Directors or the Management without authorisation. It also included the transactions with persons who might have conflicts of interest and related parties. For internal control in other topics, the Board of Directors agreed that there were sufficient internal control. In addition, no significant error on internal control system was found from the operations carried by the internal audit unit in 2017 in auditing various organisations in the Company, which may have any impact on the Company's and its subsidiaries' operations. The external auditor did not report any significant errors as well.

HEAD OF THE INTERNAL AUDIT

The Company assigned Miss Duangporn Tantiwivat as the Company's Head of Internal Audit on July 15, 2011 because she has gained experiences in accounting audit and internal audit operations for over 10 years and understands the Company's and its subsidiaries' activities and operations. As a result, it is appropriate for her to be able to sufficiently perform the functions.

However, the consideration and approval of appointing, removing and transferring Head of Internal Audit must be approved by the Audit Committee.

COMPLIANCE

The Company assigned Miss Nisres Distes as Compliance to oversee the compliance to regulations set by the authorities supervising the Company's business operations.

RISK MANAGEMENT

Asia Aviation is aware and realises the importance of risk management in order to achieve effectiveness and efficiency in the management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation operates its business by holding shares in Thai AirAsia therefore, risk management system has been established for Thai AirAsia which is its subsidiary, with details as follows:

Thai AirAsia's Board of Directors has approved the policy and guideline in risk management for each department to adopt in evaluating, analysing, ranking, and setting direction and strategy to manage risks, along with setting scopes and responsibilities of each relevant department with details of policy, process, risk management framework, as follows:

Principle and Policy

1. Thai AirAsia is aware that risk is the main factor in business operation from setting the strategy and business plan, to daily business operation. The Company aims to manage risks to the acceptable level and uses resources in an effective and efficient manner.
 2. Risk management is part of the organisation culture that is communicated and assigned to the Management and all employees to realise its importance, and to participate in all the process of risk management.
 3. The Management and employees jointly identify, evaluate, and set up risk management semi-annually.
 4. Risk Management Committee and Audit Committee evaluate the framework for risk management annually and prepare a report.
 5. Each step of risk management shall be reported in writing.
2. The aim is to summarise the principle and process adopted by Thai AirAsia in managing risks by jointly apply the policy and process for risk management to identify and manage risks that have the tendency to affect the efficiency and growth of Thai AirAsia.
 3. Risk management process includes setting up objectives, goals, and strategies for risk identification, risk assessment, risk evaluation, risk management, and risk monitoring and reporting.

The operation has followed the framework for risk management under the international standards set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as follows:

Framework for Risk Management

1. Roles and responsibilities of each unit on risk management include:
 - Board of Directors and Chief Executive Officer identify direction and strategy, and set up structure and overall environment for the Company to support risk management effectively. Board of Directors also evaluates risk assessment and risk management plan, and approves the operation according to plan.
 - Risk Management Committee specifies risk management policy to cover all risks in management, considers and approves risk management plan, establish working groups and evaluates, assesses, monitors, reports systematically, and recommends risk management process to each unit, and constantly monitors and reports the results to the Audit Committee.
 - Audit Committee examines the risk management to ensure that risks are managed and controlled effectively and at the acceptable level.
 - Internal Audit Department examines the internal control system in the area related to risks specified by the Management as significant, examines the overall risk management procedure, and prepares all the results for report to the Board of Directors, Audit Committee, and other relevant unit.
 - Process owners identify, analyse, manage and evaluate risks in their own areas of responsibilities.
1. Considering the characteristics of existing or future risks by identifying events or risk factors that may affect or contribute to the achievement of the organisation's and operational goals appropriately by considering risks from the internal operation, laws, society, politics, and external environment, and assigning all departments to identify and categorise risks systematically, and monitoring changes and reporting to the Management or relevant party regularly.
2. Evaluating risk by specifying criteria for evaluation at each level appropriately at the organisational and operational level, and qualitatively and quantitatively evaluating level of risk by considering both acceptable and unacceptable risks in two aspects, which are the impact of the risk taking place and the possibility of the risk for taking place by specifying the level of risk as high, medium or low.
3. Setting strategy to respond to risk at each level and overall risk by avoiding, reducing, averting, and accepting risk, to ensure that all alternatives are efficiently and worthily considered by managing the high risk first to reduce the possibility and impact of the risk.
4. Each department heads controls, evaluates, and monitors results of risk management to keep it to the acceptable and appropriate level, and regularly revises changes or increases of risks in a risk evaluation report to the Top Management.
5. Risk Management Committee follows up on the success of risk management by considering the plan of the Management who responsible for risk factors and the result of the credible evaluation from operation. In each meeting, Risk Management Committee assigns the responsible Management to report the result of risk management for the Audit Committee's acknowledgement.

Related Parties Transactions

In the years ended 31 December 2017 and 2016, AAV and TAA have engaged certain transactions with persons who may have conflicts of interest as follows:

1. Passenger revenue received on behalf of members within AirAsia group

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	Passenger revenue received on behalf is only occurred when payment is made in foreign currency through the bank's payment gateway which includes internet purchase and counter sales.	6,834,057,135	4,464,436,638	TAA shares ticket reservation and booking system within AirAsia group in order to provide customers with convenience in booking ticket across the AirAsia network on the website and counter and sales agents. Passenger revenue received on behalf is a result due to the limitation of bank's payment gateway in transferring passenger revenue to the owner of such revenue within AirAsia Group when payment is made in foreign currency.
(2) PT Indonesia AirAsia (IAA)	IAA is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Indonesia.	1.1 Revenue that AAB received on behalf of TAA Receivable from receipts on behalf - AAB	763,661,815	1,026,587,294	Pricing: Reimbursed on actual receipts on behalf of
(3) AirAsia (India) Private Limited (AAI)	AAI is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in India.	1.2 Revenue that IAA received on behalf of TAA Receivable from receipts on behalf - IAA	369,561,196	280,161,643	Payment term: within 30 days
(4) AirAsia X Berhad (AAX)	AAX has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Fernandes and Mr. Meranun are the indirect shareholders in AAX through Aero Ventures Sdn. Bhd. which holds 52% equity interest in AAX	1.3 Revenue that AAI received on behalf of TAA Receivable from receipts on behalf - AAI 1.4 Revenue that AAX received on behalf of TAA Receivable from receipts on behalf - AAX 1.5 Revenue that TAA received on behalf of TAA Receivable from receipts on behalf - TAA 1.6 Revenue that PAA received on behalf of TAA Receivable from receipts on behalf - PAA	24,912,635 3,702,148 337,426,938 1,362,100,050 85,848,705 8,214,326 23,628,403 1,247,444	22,979,810 79,915,042 437,159,113 1,163,861,281 110,865,283 37,321,054 25,088,024 1,793,373	Transaction in the future: Passenger revenue received on behalf will be an ongoing transaction in the future as it is a normal course of business with general commercial term under the approval in principle by Board of Directors and Audit Committee. TAA has been discussing with the banks to resolve the limitation in the payment gateway's system in the future.

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(5) Thai AirAsia X (TAAAX)	TAAAX has four directors who are also directors in TAA; Mr. Tassapon Bijleveld, Mr. Kamarudin Bin Meranun, Mr. Phairat Pomphananangoon and Mrs. Pattra Boosarawongse. Mr. Tassapon Bijleveld is the shareholder in TAAAX which holds 41%. Mr. Fernandes and Mr. Meranun are the indirect shareholders in AAX through Aero Ventures Sdn. Bhd. which holds 52% equity interest in AAX and AAX which holds 49% in TAAAX.	1.7 Revenue that IAAX received on behalf of TAA	6,733,378	9,490,513	
		Receivable from receipts on behalf - IAAX	4,014,697	6,260,922	
	1.8 Revenue that AAJ received on behalf of TAA	208,194	2,706		
		Receivable from receipts on behalf - AAJ	17,891	2,751	
	1.9 Revenue that TAA received on behalf of AAB	1,464,220,783	1,567,141,413		
		Payable from receipts on behalf - AAB	198,240,438	263,239,340	
(6) AirAsia Inc. (PAA)	PAA is an associate of AAB in which AAB holds indirect 40% equity interest and operates low cost airlines business in Philippines.	1.10 Revenue that TAA received on behalf of IA	201,883,997	325,789,037	
		Payable from receipts on behalf - IA	69,830,772	205,470,973	
(7) PT Indonesia AirAsia X (IAAX)	IAAX is an associate of AAX in which AAX holds direct 49% equity interest and operates low cost airlines business for long-haul flight in Indonesia.	1.11 Revenue that TAA received on behalf of AAX	338,193,557	595,197,544	
		Payable from receipts on behalf - AAX	1,312,145,947	1,074,750,025	
(8) AirAsia Japan (AAJ)	AAJ is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Japan.	1.12 Revenue that TAA received on behalf of TAAAX	1,516,384,588	1,314,965,723	
		Payable from receipts on behalf - TAAAX	148,692,093	97,219,343	
1.13 Revenue that TAA received on behalf of PAA	78,275,992	42,241,513			
	Payable from receipts on behalf - PAA	6,948,034	13,178,430		
1.14 Revenue that TAA received on behalf of AAJ	(1,407,694)	3,207,657			
	Payable from receipts on behalf - AAJ	263,752	3,907,007		
1.15 Revenue that TAA received on behalf of IAAX	70,621,161	90,197,843			
	Payable from receipts on behalf - IAAX	23,117,702	49,863,663		
1.16 Revenue that TAA received on behalf of AAJ	60,783	-			
	Payable from receipts on behalf - AAJ	14,766	-		

2. Advance payment on behalf of members within AirAsia group

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	Advance payment on behalf within AirAsia group includes airport charges of airport terminal, ramp and apron areas, passenger service charges, air navigation charges, check-in counters, aerobridge, customs, immigrations and quarantine as well as marketing expenses, training expenses and ICT expenses.	437,120,062	639,082,844	To enhance operational efficiency and management on services which can be shared within AirAsia group, the advance payment will be made by the party who initiated the route and entered into contract with that particular airport, as well as for marketing and promotional expenses in relation to common routes, training and ICT expenses. The party who entered into contract with the third party will make advance payment on behalf of the group before making reimbursement based on actual expense.
(2) PT Indonesia AirAsia (IAA)	IAA is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Indonesia.	2.1 TAA makes advance payment on behalf of AAB Receivable on advance payment - AAB	311,809,578	348,672,339	Pricing : Reimbursement based on actual advance payment or in portion according to the agreed allocation.
(3) AirAsia X Berhad (AAX)	AAX has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Fernandes and Mr. Meranun are the indirect shareholders in AAX through Aero Ventures Sdn. Bhd. which holds 52% equity interest in AAX	2.2 TAA makes advance payment on behalf of IAA Receivable on advance payment - IAA	16,381,767 8,414,744	7,862,000 9,496,595	Payment term.: within 30 days
(4) Thai AirAsia X (TAAX)	TAAX has four directors who are also directors in TAA; Mr. Tassapon Bijjavej, Mr. Kamarudin Bin Meranun, Mr. Phairat Pornpathananagoon and Mrs. Pattra Boosarawongse. Mr. Tassapon Bijjavej is the shareholder in TAAX which holds 41%. Mr. Fernandes and Mr. Meranun are the indirect shareholders in AAX through Aero Ventures Sdn. Bhd. which holds 52% equity interest in AAX and AAX which holds 49% in TAAX.	2.3 TAA makes advance payment on behalf of AAX Receivable on advance payment - AAX	4,326,060 21,404,066	5,741,540 18,909,862	Transaction in the future.: Advance payment on behalf will be an ongoing transaction in the future as it is a normal course of business with normal commercial term under the approval in principle by Board of Directors and Audit Committee.
		2.4 TAA makes advance payment on behalf of TAAX Receivable on advance payment - TAAX	130,498,928 70,547,753	110,737,982 4,437,172	
		2.5 TAA makes advance payment on behalf of PAA Receivable on advance payment - PAA	1,407,067 428,807	506,632 278,724	
		2.6 TAA makes advance payment on behalf of AAI Receivable on advance payment - AAI	715,598 36,315	93,732 141,572	
		2.7 TAA makes advance payment on behalf of IAAX Receivable on advance payment - IAAX	614,917 220,149	181,686 176,322	

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(5) AirAsia Inc. (PAA)	PAA is an associate of AAB in which AAB holds indirect 40% equity interest and operates low cost airlines business in Philippines.	2.8 TAA makes advance payment on behalf of AAJ Receivable on advance payment - AAJ	72,626	149,185	
(6) AirAsia (India) Private Limited (AAI)	AAI is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in India.	2.9 TAA makes advance payment on behalf of AAE Receivable on advance payment - AAE	2,332,887	3,064,299	
(7) PT Indonesia AirAsia X (IAAX)	IAAX is an associate of AAX in which AAX holds direct 49% equity interest and operates low cost airlines business for long-haul flight in Indonesia.	2.10 TAA makes advance payment on behalf of TIMB Receivable on advance payment - TIMB	710,048	-	
	AAJ is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Japan.	2.11 TAA makes advance payment on behalf of THT Receivable on advance payment - THT	252,278	252,278	
(8) AirAsia Japan (AAJ)	AAJ is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Japan.	2.12 TAA makes advance payment on behalf of THSB Receivable on advance payment - THSB	1,387,576	1,392,848	
(9) AAE Travel Pte Ltd. (AAE)	AAE is an associate of AAB in which AAB holds indirect 25% equity interest and provided travel information, determining the availability of travel-related goods and services, making legitimate reservations or otherwise transacting business with travel suppliers	2.13 TAA makes advance payment on behalf of TTSL Receivable on advance payment - TTSL	-	3,422,430	
	AAE is an associate of AAB in which AAB holds indirect 25% equity interest and provided travel information, determining the availability of travel-related goods and services, making legitimate reservations or otherwise transacting business with travel suppliers	2.14 TAA makes advance payment on behalf of AAPL Receivable on advance payment - AAPL	1,101,170	-	
(10) Tune Insurance Malaysia Berhad (TIMB)	TIMB, THT, THSB, TTSL have two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun	2.15 TAA makes advance payment on behalf of GFB Receivable on advance payment - GFB	266,375	-	
	TIMB, THT, THSB, TTSL have two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun	2.16 AAB makes advance payment on behalf of TAA Payable on advance payment - AAB	1,185,029,144	968,091,901	
			57,597,611	328,474,057	

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(11) Tune Hotels Regional Services (Thailand) Co., Ltd (THT)		2.17 IAA makes advance payment on behalf of TAA	29,304,585	25,324,517	
		Payable on advance payment - IAA	12,045,931	25,140,314	
(12) Tune Hotels Regional Services Sdn. Bhd. (THSB)		2.18 AAI makes advance payment on behalf of TAA	15,214,937	13,655,603	
		Payable on advance payment - AAI	1,153,447	17,796,623	
(13) Tune Talk Sdn. Bhd. (TTSB)		2.19 AAX makes advance payment on behalf of TAA	9,955,493	57,745,112	
		Payable on advance payment - AAX	53,747,305	45,317,036	
(14) AirAsia Pte. Ltd. (AAPL)		2.20 TAAX makes advance payment on behalf of TAA	4,708,513	21,714	
	AAPL is an associate of AAB in which AAB holds indirect 100% equity interest and operates ground handling service to Airasia group flight at Singapore station	Payable on advance payment - TAAX	-	-	
(15) Great Fortune Broker Co., Ltd (GFB)		2.21 PAA makes advance payment on behalf of TAA	19,120	103,686	
	GFB has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Fernandes and Mr. Meranun are the indirect shareholders through Tune Inc Holding Berhad which holds 49% equity interest in GFB	Payable on advance payment - PAA	-	90,666	
		2.22 IAAX makes advance payment on behalf of TAA	158,562	-	
		Payable on advance payment - IAAX	137,009	-	
		2.23 AAE makes advance payment on behalf of TAA	1,455,353	10,118,904	
		Payable on advance payment - AAE	-	10,118,904	
		2.24 AAPL makes advance payment on behalf of TAA	24,310,052	-	
		Payable on advance payment - AAPL	2,414,826	-	

3. Interest income and interest expenses within AirAsia group

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) PT Indonesia AirAsia (IAA)	IAA is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Indonesia.	Interest income and interest expense within AirAsia group is calculated upon the late payment of the net outstanding receivables/payables for more than 30 days from invoice date.			TAA and companies within AirAsia group have charged interest within the group on the late payment of the net outstanding receivables/payables over the due date, which is 30 days from invoice date.
(2) AirAsia (India) Private Limited (AAI)	AAI is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in India.	3.1 Interest income: TAA receives interest income from related parties on the delay of payment.			Interest rate: Interest rate within AirAsia group is applied, equivalent to AAB's financial cost at 6% per annum in 2016 and 2017.
(3) AirAsia X Berhad (AAX)	AAX has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Fernandes and Mr. Meranun are the indirect shareholders in AAX through Aero Ventures Sdn. Bhd. which holds 52% equity interest in AAX	<p>3.1.1 Interest income - IAA Outstanding net receivable - IAA Interest income receivable - IAA</p> <p>3.1.2 Interest income - AAI Outstanding net receivable - AAI Interest income receivable - AAI</p> <p>3.1.3 Interest income - AAX Outstanding net receivable - AAX Interest income receivable - AAX</p>	<p>-</p> <p>-</p> <p>-</p> <p>2,841,089</p> <p>151,099</p> <p>2,039,526</p> <p>22,415,965</p>	<p>63,890</p> <p>-</p> <p>-</p> <p>1,116,643</p> <p>2,686,674</p> <p>12,055,944</p> <p>22,450,800</p>	<p>Transaction in the future: Transaction will be ongoing in the future as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.</p>

4. Aircraft and aircraft engine rental

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia (Mauritius) Ltd. (AAM)	AAM is a subsidiary of AAB in which AAB hold 100% equity interest.	TAA leases its aircraft and aircraft engine (operating lease) from AAM of 30 aircraft and 31 aircraft (as of December 31, 2017 and 2016) and 2 aircraft engines (as of December 31, 2017)	4,343,894,681	4,464,646,976	TAA has leased its aircraft and aircraft engine from AAM for business operation. AirAsia group has a pooling purchase for higher bargaining power with manufacture. Lease rate : Lease rate is quoted in US Dollar term for a monthly payment with contract period of 12 years and comparable to industry average rate.
		Aircraft and aircraft engine rental			Payment term : within 30 days
		Aircraft and aircraft engine rental payable (receivable) - AAM	(29,168,314)	-	Transaction in the future : Aircraft and aircraft engine rental will be an ongoing transaction until the expiration of lease agreement on each aircraft as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee. In addition, TAA will continue the pooling purchase order together with AirAsia group.
		Other non-current asset - aircraft and aircraft engine rental deposit	657,120,066	741,346,452	
		Aircraft and aircraft engine rental deposit payable - AAM	-	-	

5. Aircraft maintenance

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia (Mauritius) Ltd. (AAM)	AAM is a subsidiary of AAB in which AAB hold 100% equity interest.	TAA pays aircraft repair and maintenance cost to AAM, the lessor, for the D check or major overhaul as specified under the aircraft lease agreement.	1,777,115,719	1,853,825,516	The operating lease agreement between TAA and AAM required for TAA to have repair and maintenance on leased aircraft as well as has set conditions before delivery, in which the leased aircraft must be fully repaired upon the contract expiration as this a normal terms under aircraft lease agreement.
(2) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	Aircraft maintenance - AAM Aircraft maintenance payable - AAM Aircraft maintenance claim receivable - AAM	140,920,180	157,511,059	Maintenance rate .: Maintenance rate is quoted per flight hour / cycle in US Dollar term for a monthly payment and comparable to industry average rate Payment term .: within 30 days
		Aircraft maintenance - AAB Aircraft maintenance payable - AAB Aircraft maintenance reserves	334,841,288 24,753,799	221,219,272 51,533,888	Transaction in the future .: Aircraft maintenance will be an ongoing transaction until the expiration of lease agreement and maintenance agreement on each aircraft as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
			3,652,264,201	2,665,543,653	

6. Booking Fee

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA pays online air ticket booking system fee (booking fee) to AAB. Booking fee Booking fee payable - AAB	177,717,742 15,577,589	161,996,712 43,580,513	TAA shares the same booking system with others in AirAsia group. AAB has entered into a contract, on behalf of the group, with Navitaire, an independent air ticket sales and management system provider, and will charge the booking fee from TAA based on the actual usage at the rate charged by Navitaire. Booking fee rate: Booking fee is charged at a fixed rate per passenger on a monthly basis; the rate shall not exceed the amount specified in the contract. Payment term: within 30 days Transaction in the future: Booking fee will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

7. Purchase of merchandise and equipment

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA purchases merchandise and equipment from AAB such as aircraft spare parts and certain inflight merchandise for selling on board.			TAA purchases merchandise and equipment from AAB such as aircraft spare parts and certain inflight merchandise for selling on board. Having centralized the product sourcing, AAB will accumulate all demand from AirAsia Group before making a pooling purchase for higher bargaining power with suppliers.
(2) PT Indonesia AirAsia X (IAAX)	IAAX is an associate of AAX in which AAX holds direct 49% equity interest and operates low cost airlines business for long-haul flight in Indonesia.	Purchase of merchandise and equipment Purchase payable - AAB Purchase payable - IAA	24,813,993 2,375,670	94,646,211 8,009,669 49,496	Pricing: Comparable pricing with the one AAB and IAA made with outsiders Payment term: within 30 days Transaction in the future: Purchase from the group will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

8. Administrative Fee

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA pays administrative fee to AAB Administrative fee Administrative fee payable - AAB	14,955,656 1,300,584	17,012,300 4,320,300	TAA pays administrative fee to AAB in return of its assistance on business operations in term of airline technical expertise including administration, crew sourcing, consulting and other assistance in regards to airline business. Pricing .: Fix rate of USD 40,000 per month as agreed in the administrative agreement Payment term.: within 30 days Transaction in the future .: Administrative fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

9. (Gain) loss from fuel swap agreement allocation

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA has the share of (gain) loss from fuel price swap agreements done through AAB as specified in the fuel swap agreement. Share of (gain) loss from fuel price swap agreements - AAB Payable on share of (gain) loss from fuel price swap agreements - AAB Other non-current assets - deposits on fuel price swap	(628,711,602)	312,271,224	In protecting the risks on fluctuation of fuel price, TAA has entered into the fuel price swap agreement through AAB for better bargaining power. The decision making is dependent on TAA's judgment. (Gain) loss allocation .: (Gain) loss from fuel price swap agreement will be allocated on a monthly basis by the estimated amount of fuel used by each company. Payment term.: within 30 days Transaction in the future .: (Gain) loss from fuel swap agreement allocation will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

10. Pilot training cost

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) Asian Aviation Centre of Excellence Sdn. Bhd. (AACOE)	AACOE is a joint venture of AAB in which AAB hold 50% equity interest.	TAA pays pilot training cost to AACOE and BAC	82,828,284	140,718,558	TAA receives service of pilot training and facilities from AACOE, which is the Malaysian, based joint venture between AAB and CAE, a reputable pilot training center in Canada. Beside, TAA and BAC mutually signed an MOU for cooperation in commercial pilot training
(2) Bangkok Aviation Center Co., Ltd. (BAC)	BAC is the Company which Mr. Tassapon Bijleveld who is director and CEO of TAA hold 50% of BAC's shares	Pilot training cost- AACOE Pilot training cost payable - AACOE Pilot training cost-BAC Pilot training cost payable - BAC	26,528,738 6,048,000 470,963	5,844,496	Pricing .: At agreement price of different types of the training Payment term .: within 30 days Transaction in the future .: Pilot training cost will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

11. Brand license fee to AirAsia Berhad

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA paid Brand license fee to AirAsia Berhad. Brand license - Expense Payable on brand license fee - AAB	548,113,485 151,804,009	329,957,862 77,736,346	From January 2013, TAA will pay AAB for using the brand. "AirAsia". Pricing .: At one 1.5% of total revenue. The rate is comparable to the rate that AAB charge to other joint venture within AirAsia Group. Payment term .: within 30 days Transaction in the future .: Brand license fee will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

12. Revenue from administrative fee from Insurance premium

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) Tune Insurance Malaysia Berhad (TIMB)	TIMB has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun	TAA receive administrative fee from Insurance Premium which is received from passenger in Airasia Insure project			TAA receive administrative fee from Insurance Premium which is received from passenger in Airasia Insure project Pricing: Insurance Premium paid to TIMB, Permpoonsub and GFB are based on actual receipts. Administrative fee as agreed in the administrative agreement can comparable to market price. Payment term: within 30 days Transaction in the future: Administrative fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
(2) Permpoonsub Broker Co.,Ltd. (Permpoonsub)	Permpoonsub has two directors who are also directors in TAA; Mr. Anthony Francis Fenandes and Mr. Kamarudin Bin Mernun, Mr. Fernandes and Mr. Meranun are the indirect shareholders in Permpoonsub through Tune Inc Holding Berhad which holds 49% equity interest in Permpoonsub	12.1 Revenue from administrative from insurance premium - TIMB Insurance Premium Administrative fee Payable on license fee - TIMB	11,602,010	15,363,917	
			2,900,503	3,840,980	
(3) Great Fortune Broker Co., Ltd (GFB)	GFB has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Fernandes and Mr. Meranun are the indirect shareholders through Tune Inc Holding Berhad which holds 49% equity interest in GFB	12.2 Revenue from administrative from Permpoonsub Insurance Premium Administrative fee Payable on license fee - Permpoonsub	-	157,313,730	
			-	29,360,381	
(3) Great Fortune Broker Co., Ltd (GFB)	GFB has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Fernandes and Mr. Meranun are the indirect shareholders through Tune Inc Holding Berhad which holds 49% equity interest in GFB	12.3 Revenue from administrative from insurance premium - GFB Insurance Premium Administrative fee Payable on license fee - GFB	212,215,489	41,832,516	
			35,402,020	6,978,401	
			-	51,472,225	

13. Management Fee

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) Asia Aviation Plc. (AAV)	AAV is majority shareholder of TAA which holds 55% equity interest in TAA	TAA paid management fee to AAV	25,000,000	25,000,000	TAA paid management fee to AAV for consultant and management policy which are related to operating company.
		Management fee Payable on management fee - AAV	-	6,687,500	Pricing .: Management fee at 6,250,000 Baht per quarter as agreed in the administrative agreement
					Payment term .: within 30 days
					Transaction in the future .: Management fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

14. Accounting, People, ICT service fee

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia Global Shared Services Sdn. Bhd. (AGSS)	AGSS is a subsidiary of AAB in which AAB hold 100% equity interest.	AGSS provide service for people, accounting, and ICT services for Airasia group			AGSS provide service for people, accounting, and ICT services which AAB provide ICT services since June 2016 for Airasia group. AGSS and AAB will calculate services fee by staff head count
(2) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	AAB provide service for ICT services for Airasia group since June 2016			Pricing .: Invoices will be issued to Airasia group by calculating from staff head count as agreed in the administrative agreement plus margin as specified in the service agreement.
		14.1 Accounting, People, ICT service fee - AGSS Payable on Accounting, People, ICT service fee - AGSS	34,399,796	29,856,205	Payment term .: within 30 days
			8,463,723	13,625,403	Transaction in the future .: Accounting, People, ICT service fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
		14.2 ICT service fee - AAB ICT service fee - AAB	38,205,935	6,843,520	
			2,104,375	4,136,261	

15. Loyalty program service fee

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) Think Big Digital Sdn. Bhd. (TBD)	TBD is a joint venture of AAB in which AAB hold 50% equity interest.	TBD arrange Big Loyalty program for return benefit to customer in Airasia group, by issuing big point. Customer can redeem point for flight ticket and other service in Airasia group.			TBD arrange Big Loyalty program for return benefit to customer in Airasia group, by issuing big point. Customer can redeem point for flight ticket and other service in Airasia group.
		Loyalty program service fee	55,609,886	35,652,753	Pricing: Loyalty program service fee as agreed in the administrative agreement
		Payable on Loyalty program service fee - TBD	47,246,533	25,708,201	Payment term: within 30 days
		Passenger Revenue	19,975,376	16,974,319	Transaction in the future: Loyalty program service fee will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
		Receivable on Passenger Revenue	13,466,921	13,909,523	

16. Commission from sales of duty free goods

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) King Power Marketing and Management Company Limited (KPM)	Srivaddhanaprabha family is management of the King Power Group and major shareholder of AAV which is majority shareholder of TAA which holds 55% equity interest in TAA	TAA receive commission fee on monthly basis from selling of duty free goods on international flights of the TAA.			TAA entitles the KPM to manage the sale of duty free goods on international flights of the TAA undertaken by crews of the TAA which providing service to passengers in any flights of the TAA. The KPM shall pay commission fee to the TAA on monthly basis
		Commission from sales of duty free goods	16,353,146	4,535,865	Pricing: Commission from sales of duty free goods as agreed in the administrative agreement
		Receivable on commission - KPM	-	1,761,835	Payment term: within 30 days
					Transaction in the future: Commission from sales of duty free goods will be an ongoing transaction as it is a supporting normal course of business with general commercial term but no longer related party transaction since December 27, 2017 onwards due to Srivaddhanaprabha family, the major shareholders and management of King Power Group, sold their shares of 1,761,588,286 of shares back to the former shareholder, Mr. Tassapon Bijjeveld who is the Group's management. The shareholder structure change caused the transactions between King Power Group and the Group are no longer related party transaction.

17. Sponsorship fee paid to Leicester City Football Club

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) King Power International Company limited (KPI)	<p>Mr. Srivaddhanaprabha family is management of the King Power Group and major shareholder of AAV which is majority shareholder of TAA which holds 55% equity interest in TAA</p> <p>Sponsorship fee paid to Leicester City Football Club</p>	<p>TAA provide the sponsorship to Leicester City International Academy.</p> <p>Sponsorship fee paid to Leicester City Football Club</p>	39,858,330	31,788,130	<p>TAA provide the sponsorship to Leicester City Football Club and Leicester City International Academy for seeking Thailand's youth football player to join the skill developing program at Leicester City football club at England</p> <p>Pricing: Sponsor fee as agreed in the administrative agreement</p> <p>Payment term: within 30 days</p> <p>Transaction in the future: Sponsorship fee paid to Leicester City Football Club a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee but no longer related party transaction since December 27, 2017 onwards due to Srivaddhanaprabha family, the major shareholders and management of King Power Group, sold their shares of 1,761,588,286 of shares back to the former shareholder, Mr. Tassapon Bijleveld who is the Group's management. The shareholder structure change caused the transactions between King Power Group and the Group are no longer related party transaction.</p>

18. Purchase of merchandise

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) Tune Talk (Thailand) Limited	<p>Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Mernun are directors in TAA which are the indirect shareholders in Tune Talk (Thailand) through Tune Talk International Sdn. Bhd. (Malaysia) which holds 48% equity interest in Tune Talk (Thailand) Limited.</p> <p>Purchase of merchandise</p>	<p>TAA purchases merchandise such as sim card for selling on board from Tune Talk (Thailand) Limited</p> <p>Purchase of merchandise</p>	6,355,800 1,412,400	6,355,800 706,200	<p>TAA purchases merchandise such as sim card for selling on board from Tune Talk (Thailand) Limited</p> <p>Pricing: Purchases merchandise price as agreed in the administrative agreement</p> <p>Payment term: within 30 days</p> <p>Transaction in the future: Purchase of merchandise from this company will be an ongoing transaction as it is a normal course of business with general commercial term.</p>

19. Passenger Service Revenues

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
King Power Group which is ticker reservation member with TAA as below (1) King Power International Co., Ltd. (2) King Power Duty Free Co., Ltd. (3) King Power Tax Free Co., Ltd. (4) King Power Suvarnabhumi Co., Ltd. (5) King Power Development Co., Ltd.	Srivaddhanaprabha family is management of the King Power Group and major shareholder of AAV which is majority shareholder of TAA which holds 55% equity interest in TAA	TAA provide corporate member to King Power Group for purchase ticket Passenger Service Revenues Receivable - King Power Group	13,008,949 -	542,641 88,058	Pricing: Passenger Service fee as agreed in the administrative agreement Payment term: within 30 days Transaction in the future: Passenger Service Revenues will be an ongoing transaction as it is a normal course of business with general commercial term but no longer related party transaction since December 27, 2017 onwards due to Srivaddhanaprabha family, the major shareholders and management of King Power Group, sold their shares of 1,761,588,286 of shares back to the former shareholder, Mr. Tassapon Bijleveld who is the Group's management. The shareholder structure change caused the transactions between King Power Group and the Group are no longer related party transaction.

20. Sponsorship fee paid to King Power Foundation

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) King Power Foundation	Srivaddhanaprabha family is management of the King Power Group and major shareholder of AAV which is majority shareholder of TAA which holds 55% equity interest in TAA	TAA paid sponsorship fee for "Pa-Nong-Grab-Por" project Sponsorship fee paid to King Power Foundation Payable - King Power Foundation	5,000,000 -	- -	TAA provide the sponsorship to King Power Foundation for "Pa-Nong-Grab-Por" project Pricing: Sponsor fee as agreed in the administrative agreement Payment term: within 30 days Transaction in the future: This transaction is a normal course of business with general commercial term but no longer related party transaction since December 27, 2017 onwards due to Srivaddhanaprabha family, the major shareholders and management of King Power Group, sold their shares of 1,761,588,286 of shares back to the former shareholder, Mr. Tassapon Bijleveld who is the Group's management. The shareholder structure change caused the transactions between King Power Group and the Group are no longer related party transaction.

21. Sponsorship fee paid to Thailand Polo Association

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) Thailand Polo Association	Mr. Vichai Srivaddhanaprabha who is management of the King Power Group and major shareholder of AAV which is majority shareholder of TAA which holds 55% equity interest in TAA is the founder of Thailand Polo Associate.	TAA paid sponsorship fee to Thailand Polo Association Sponsorship fee paid to Thailand Polo Association Payable - Thailand Polo Association	2,500,000	-	TAA paid sponsorship fee to Thailand Polo Association <u>Pricing</u> : Sponsor fee as agreed in the administrative agreement <u>Payment term</u> : within 30 days <u>Transaction in the future</u> : This transaction is a supporting normal course of business with general commercial term under approval in Principle from Board of Directors and Audit Committee but no longer related party transaction since December 27, 2017 onwards due to Srivaddhanaprabha family, the major shareholders and management of King Power Group, sold their shares of 1,761,588,286 of shares back to the former shareholder, Mr. Tassapon Bijjeveid who is the Group's management. The shareholder structure change caused the transactions between King Power Group and the Group are no longer related party transaction.

22. Advertising revenue

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) King Power International Company limited (KPI)	Srivaddhanaprabha family is management of the King Power Group and major shareholder of AAV which is majority shareholder of TAA which holds 55% equity interest in TAA	TAA provide advertising service to King Power Group Advertising Revenues Receivable - King Power Group	55,968,526	-	TAA provide advertising service to King Power Group <u>Pricing</u> : - Advertising fee as agreed in the administrative agreement <u>Payment term</u> : within 30 days <u>Transaction in the future</u> : Passenger Service Revenues will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee but no longer related party transaction since December 27, 2017 onwards due to Srivaddhanaprabha family, the major shareholders and management of King Power Group, sold their shares of 1,761,588,286 of shares back to the former shareholder, Mr. Tassapon Bijjeveid who is the Group's management. The shareholder structure change caused the transactions between King Power Group and the Group are no longer related party transaction.

23. Security Service

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) AirAsia (India) Private Limited (AAI)	AAI is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in India.	TAA paid security service for FD flight in Cochin (COK) and Kempegowda (BLR) to AAI	11,239,307	-	TAA entered into Security service agreement with Airasia (India) Limited due to state requirement on separated security service to handle flight which AAI will provide security service for FD flight at Cochin (COK) and Kempegowda (BLR) station.
	Security Service - AAI	Payable on Security Service - AAI	675,511	-	Pricing: Security service fee as agreed in the administrative agreement
					Payment term: within 30 days
					Transaction in the future: Security services will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

24. Expenses for room services and meeting room services

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2017	2016	
(1) Wealth Ventures Co., Ltd. ("Wealth Ventures")	Wealth Ventures Co., Ltd is the Company which major shareholder (66.44% of Wealth Ventures' shares) is Mr. Tassapon Bijjeveld who is director and CEO of TAA	TAA use accommodation and meeting room at Hotel Mercure Bangkok Makkasan	435,852	-	TAA use accommodation and meeting room at Hotel Mercure Bangkok Makkasan which convenience and sufficient meeting rooms
	Expenses for room services and meeting room services	Payable - Wealth ventures			Pricing: Room service fee as agreed in the administrative agreement
					Payment term: within 30 days
					Transaction in the future: Expenses for room services and meeting room services will be an ongoing transaction as it is a supporting normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

THE AUDIT COMMITTEE OPINION ON THE RELATED PARTIES' TRANSACTIONS

The related parties' transactions have been considered and opined by the Audit Committee of Asia Aviation and Thai AirAsia as reasonable and essential for the operations of both companies, having general commercial terms under the normal course of business, undertaken for the best interests of the companies.

APPROVAL PROCEDURE FOR RELATED PARTIES' TRANSACTIONS

In the case of entering into the related parties transactions, Asia Aviation and Thai AirAsia will follow the guidance in accordance with the Securities and Exchange Act as well as the notifications, rules and regulations of the Securities Exchange Commission (SEC) and will consider on the basis of necessity and reasonableness of the transaction with the fair price and business terms at the company's best interests before proposing to the Board of Directors and/or Shareholders Meeting, whichever case may be. Person with conflict of interest shall not be eligible to approve on such transaction. In the case that the Audit Committee of the Company and/or of Thai AirAsia lacks the expertise in considering the upcoming related parties transactions, the Company and Thai AirAsia will appoint independent experts or auditors for opinion on such transactions.

POLICY ON ENTERING INTO THE RELATED PARTIES' TRANSACTION IN THE FUTURE

Asia Aviation and Thai AirAsia will enter into transactions with related parties in the future with considerations on the reasonableness, the appropriate pricing policy and fair business terms as well as with proper approval process according to relevant rules and regulations at the best interest of the company.

Audit Committee Report

Dear Shareholders of Asia Aviation Public Company Limited,

The Audit Committee comprises of three qualified Independent Directors, namely Mr. Arak Chonlatanon as Chairman of the Audit Committee, Mr. Nuttawut Phowborom and Mr. Kasemsit Pathomsak as member of Audit Committee. Head of the Internal Audit Department also acts as the Committee Secretary.

All directors on the Audit Committee are fully qualified as required by the Stock Exchange of Thailand and have performed their duties responsibly and completely as stipulated in the Audit Committee Charter approved by the Company's Board of Directors, as well as in accordance to the Notice of the Stock Exchange of Thailand.

For the accounting period ending December 31, 2017, the Audit Committee called 5 meetings and 4 meetings attended by all members of the Audit Committee. After that, the Audit Committee reported results from the Audit Committee Meeting to the Board of Directors Meeting.

For the accounting period ending December 31, 2017 the Audit Committee completely perform their duty as specified in the committee charter. The details can be summarised as follows:

1. Reviewed the quarterly and annual financial statements for 2017 with the Company's Executives and the auditors with constructive comments and recommendations to ensure that the financial information is accurate, complete, reliable and in compliance with the generally accepted practices, and also being appropriately and sufficiently disclosed.
2. Reviewed the efficiency and effectiveness of the internal control system, the risk management, and the internal audit system, together with the Internal Audit Department, the Company's Executives, and auditors.
3. Reviewed the Audit Committee Charter and the Internal Audit Charter in order to ensure the past practice has been done completely according to their responsibilities and assignment and also to make the said charters up-to-date and appropriate to the corporate environment.
4. Reviewed the results of the Internal Audit for each quarter in 2017 and ensured the modification and improvement as recommended in the audit reports for effective and efficient operation.
5. Approved the plan, budget and headcount of internal audit for year 2017 and considered the result of internal audit report which Internal Audit Department reported directly to Audit Committee including evaluated the performance of the Head of Internal Audit Department.

6. Reviewed and commented on connected transactions or transactions which might give rise to conflict of interest and the disclosure of the said information as regulated by the Stock Exchange of Thailand and the Securities and Exchange Commission.
7. Considered the appointment and remuneration of auditors by taking the business expertise and experiences, the appropriateness of the fees and the independence of the auditors into consideration. Consequently, for the fiscal year ending on December 31, 2017, the Audit Committee selected and proposed Mr. Paiboon Tunkoon, the certified public accountant with registration number 4298; Mr. Pisit Thangtanagul, the certified public accountant with registration number 4095; and Mr. Pongthavee Ratanakoses, the certified public accountant with registration number 7795 as the Company's and its subsidiaries' external auditors. Over the past accounting period, the external auditors performed their work with good knowledge, professional capabilities and provided recommendations on internal control system as well as risk exposures. They are independent in doing their jobs with the appropriate remuneration rates.
8. Reviewed the Company's compliance with the regulations and legal framework of the Stock Exchange of Thailand and the Securities and Exchange Commission and other applicable laws, and the principles of good corporate governance, in cooperation with the Company's Executives and the Internal Audit Department.

From the above-mentioned operations, the Audit Committee believe that in 2017 the Company prepared its financial statements accurately in compliance with the generally accepted accounting standards with information accurately, sufficiently and reliably disclosed; appropriate and efficient internal audit and risk management. The Company complied with the relevant laws and regulations with the transparent supervision on related transactions without causing any conflicts of interest and having optimal benefits to the Company and its Shareholders. The Company's operations were sufficiently, transparently and reliably in compliance with the principle of good corporate governance.



(Mr. Arak Chonlatanon)
Chairman of the Audit Committee

Report of Directors Relating to Responsibility for Financial Statements

The Board of Directors is responsible for Asia Aviation's financial statements and Asia Aviation and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

The Board of Directors has provided and maintained risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy, financial reports, review internal controls, internal audit and risk management system. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

The financial statements of the Company and the consolidated financial statements of Company and its subsidiaries have been examined by an external auditor, Pricewaterhouse Coopers ABAS Ltd. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Asia Aviation's financial statements and Asia Aviation and its subsidiaries' consolidated financial statements for the year ended December 31, 2017. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(Mr. Arak Chonlatanon)
Chairman of the Board



(Mr. Tassapon Bijleveld)
Chief Executive Officer

Management Discussions and Analysis

EXECUTIVE SUMMARY

The International Monetary Fund (IMF) estimated global economy output for 2017 at 3.7% in January 2018, where the growth has been broad based with notable upside rises in Europe and Asia provided by the growth of manufacturing purchasing manager's index (PMI). The U.S. economy is expected with continuous growth mainly from solid domestic consumption and tax policy changes. Similarly, the growth in the Eurozone economy is driven by private consumption and capital spending whereas several risks still persist such as the election in Italy in the first quarter of 2018 and the effects from Quantitative Easing (QE) tapering by the European Central Bank. Meanwhile, the Chinese economy is viewed to be slowing slightly from tightened monetary policy and real estate market to ease the potential economic bubble. However, the volatility of the world economy is the risk of Thailand's economic growth and may affect the Company's operation.

The Office of the National Economics and Social Development Board (NESDB) revealed the Thailand economic growth was at 3.9% in 2017, rose from 2016 at the rate of 3.3%. The growth is mainly driven by the recovery of investment from private sector and exports, while tourism remained as the key driver to the economy. The growth momentum of tourism resulted from the post-implementation of the measures to curb tour operators in the previous year and the government scheme to spur domestic spending for the tourism sector.

The number of international tourists to Thailand in 2017 rose 9% over the same period last year to 35.4 million, supported mainly by the final quarter of 2017 (Q4/2017) with 9.3 million international tourists, a 20% increase from the previous year. The highest numbers of visitors for the year are from China, ASEAN, and Europe. Among all regions, South Asian market has the highest growth at 16% Year-on-Year. As a result, the number of passengers carried by Thai AirAsia was at 19.8 million for the year 2017, increased by 15% over the same period last year, which is higher than 11% growth in seat capacity. In 2017, Thai AirAsia launched new domestic and international routes including Bangkok (Don Mueang) – Danang (Vietnam), Bangkok – Male (Maldives), Bangkok – Jaipur (India), Bangkok – Tiruchirappalli (India), Pattaya (U-Tapao) – Phuket, Pattaya (U-Tapao) – Ubon Ratchathani, Chiang Mai – Ubon Ratchathani, and Khon Kaen – Phuket. Additionally, Thai AirAsia also increased frequencies in dominant destinations in the domestic and Indochina region in total of 16 routes, comprised of routes departing from Bangkok – 12, Chiang Mai – 2, Hat Yai – 1 and Pattaya (U-Tapao) – 1. In addition, Thai AirAsia has converted the route Pattaya (U-Tapao) – Hangzhou (China) from charter to scheduled charter flight. As a result of capacity management, Thai AirAsia has also cancelled route Pattaya (U-Tapao) – Singapore during the year.

For the full financial ended 2017 (FY2017), Asia Aviation Plc had revenues from sales and services amounted to Baht 35,931.6 million, increased by Baht 3,531.0 million or 11% from the same period last year and a net income of Baht 1,477.5 million, down by Baht 392.0 million from the full financial ended 2016 (FY2016), which had a net income of Baht 1,869.5 million. This weaker performance resulted from the higher fuel cost as the average crude oil price of global market in 2017 increased.

FINANCIAL PERFORMANCE SUMMARY

Asia Aviation Public Company Limited (“AAV”) is a major shareholder of Thai AirAsia Company Limited who is an airline operator of Thai AirAsia, in which the Company currently holds 55%.

ASIA AVIATION PUBLIC COMPANY LIMITED’S FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2016 AND 2017 HAS BEEN SUMMARISED BELOW:

Statement of Comprehensive Income

For the year ended 2017, Asia Aviation Plc had revenues from sales and services of Baht 35,931.6 million, increased by Baht 3,531.0 million or 11% compared to the same period last year. Moreover, profit before finance costs and income taxes amounted to Baht 3,303.9 million, decreased by 11% compared to the same period last year. Thus, net profit attributable to owners of the parent for the year ended 2017 amounted to Baht 1,477.5 million, having a net profit margin of 4% and basic earnings was at Baht 0.3046 per share.

Total comprehensive income attributable to owners of the parent amounted to Baht 1,462.8 million for the year ended 2017, resulting from remeasurements of employee benefit obligations amounted to Baht 33.3 million and income tax on items that will not be reclassified amounted to Baht 6.6 million.

Statement of Financial Position

Assets

As at 31 December 2017, total assets amounted to Baht 62,773.6 million, increased by Baht 6,174.2 million or 11% compared to the year ended 31 December 2016, due to;

1. Current assets increased by Baht 289.4 million, mainly from the increase in cash and cash equivalents by Baht 676.6 million due to cash flow generating from the operating results during the period and the amounts due from related parties increased by Baht 140.1 million. On the other hand, short-term investments decreased by Baht 580.8 million, mainly from fixed deposits reaching the maturity date.
2. Non-current assets increased by Baht 5,884.8 million due to an increase in aircraft, leasehold improvements and equipment-net amounted to Baht 5,047.4 million as in 2017, the Company delivered 4 aircraft, which 3 out of 4 aircraft were under finance lease agreements. The increase in the number of delivered aircraft is to support the future business expansion. Moreover, the aircraft maintenance reserves also increased by Baht 986.7 million, in relation to the increase in flight hours.

Liabilities

As at 31 December 2017, total liabilities amounted to Baht 31,320.5 million, increased by Baht 4,841.3 million or 18% compared to the year ended 31 December 2016, due to;

1. Current liabilities increased by Baht 1,640.0 million, mainly from the increase of current portion of long-term borrowings from financial institutions amounted to Baht 788.4 million, together with deferred revenues from the ticket selling in advance and accrued expenses increased by Baht 582.9 million and Baht 485.8 million, respectively. Whilst, the amounts due to related parties decreased by Baht 260.7 million.
2. Non-current liabilities increased by Baht 3,201.2 million, mainly from the issuance of the debentures in an amount of Baht 1,600.0 million. The proceed will be used for general purpose and/or for loan payment and/or for working capital. Finance lease liabilities increased by Baht 840.9 million, owing to the delivery of 3 aircraft under finance lease agreements in 2017, although 2 aircraft under finance lease agreements were terminated early. Furthermore, the long-term borrowings from financial institutions increased by Baht 711.3 million to finance the delivery of an aircraft and use it as collateral.

Equity

As at 31 December 2017, total equity amounted to Baht 31,453.1 million, increased 4% compared to the year ended 31 December 2016, resulting from the operating results during the period. Nevertheless, Asia Aviation Plc announced the interim dividend payment in respect of the operating result for the year 2017 at the rate Baht 0.15 per share, totalling Baht 727.5 million and paid to the shareholders on December 7, 2017. Hence, an equity attributable to owners of the parent and non-controlling interests ended this year amounted to Baht 22,005.9 million and Baht 9,447.2 million, respectively, with the return on equity (ROE) of 6.8%.

Statement of Cash Flows

For the year ended 31 December 2017, Asia Aviation Plc had net cash generated from operating activities amounted of Baht 5,133.1million mainly due to operating profit in this period. In contrast, net cash used in investing activities was Baht 2,846.8 million, mainly from payments for aircraft, leasehold improvements and equipment as the company delivered 4 aircraft, which 3 out of 4 aircraft were under finance lease agreements and payment for aircraft maintenance reserves while there was cash received from fixed deposits reaching the maturity date. Net cash used in financing activities was Baht 1,563.4 million from payments for early termination of finance leases and dividend paid whilst there were the issuance of debentures and net proceeds of long-term borrowings from financial institutions. As a result, Asia Aviation Plc

had net increase in cash and cash equivalents of Baht 722.9 million, while the cash and cash equivalents at the end of the year amounted to Baht 5,338.0 million.

THAI AIRASIA'S FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2016 AND 2017 HAS BEEN SUMMARISED BELOW:

Statement of Comprehensive Income

For the year ended 2017, revenues from sales and services of Thai AirAsia's amounted to Baht 35,931.6 million, increased by 11% from Baht 32,400.6 million in 2016, primarily due to the increase in the number of passengers carried at 19.8 million or 15% compared to the same period last year, higher than 11% increase in capacity compared to the same period last year with the load factor at 87%, up by 3 percentage points compared to the same period last year. In 2017, Thai AirAsia delivered 5 aircraft in support for expansion of new routes and increase the frequency of flights on well-performed routes leading to 8% increase in available seats kilometres. However, the average fare in 2017 amounted to Baht 1,500 per passenger, slightly decreased by 4% compared to the same period last year as a result of the competition among the airlines. Moreover, Thai AirAsia's on-time performance maintained the punctuality at 83% and increased its aircraft utilisation to 11.9 hours per day in 2017.

Net profit for the year ended 2017 amounted to Baht 2,687.8 million, decreased by 21% compared to the same period last year due primary to the rise in global oil price and the increase in the nation's excise tax on jet fuel for domestic flight. In addition, the selling and administrative expenses slightly increased from staff expense. However, the company recorded net unrealised gain on exchange rate of Baht 322.0 million as Thai Baht strengthening against the U.S. dollar. Moreover, the company reversed deferred tax liabilities in this year less than previous year because in 2017, the company had 2 aircraft under finance lease agreement, which was terminated early. In 2016, whereas, there was an early termination of 2 aircraft and 2 aircraft engines under finance lease agreements as aforementioned.

Total comprehensive income for the year ended 2017 amounted to Baht 2,661.1 million, resulting from remeasurements of employee benefit obligations amounted to Baht 33.3 million and income tax on items that will not be reclassified amounted to Baht 6.6 million.

Statement of Financial Position

Assets

As at 31 December 2017, total assets amounted to Baht 38,902.3 million, increased by Baht 6,163.5 million or 19% compared to the year ended 31 December 2016, due to;

1. Current assets increased by Baht 272.6 million, mainly from the increase in cash and cash equivalents by Baht 661.4 million

due to cash flow generating from the operating results during the period and the amounts due from related parties increased by Baht 140.0 million. On the other hand, short-term investments decreased by Baht 580.8 million mainly from fixed deposits reaching the maturity date.

2. Non-current assets increased by Baht 5,890.9 million due to an increase in aircraft, leasehold improvements and equipment-net amounted to Baht 5,053.5 million as in 2017, the company delivered 4 aircraft, which 3 out of 4 aircraft were under finance lease agreements. The increase in the number of delivered aircraft is to support the future business expansion. Moreover, the aircraft maintenance reserves also increased by Baht 986.7 million, in relation to the increase in flight hours.

Liabilities

As at 31 December 2017, total liabilities amounted to Baht 28,280.3 million, increased by Baht 4,830.9 million or 21% compared to the year ended 31 December 2016, due to;

1. Current liabilities increased by Baht 1,628.9 million, mainly from the increase of current portion of long-term borrowings from financial institutions amounted to Baht 788.4 million, together with deferred revenues from the ticket selling in advance and accrued expenses increased by Baht 582.9 million and Baht 485.0 million, respectively. Whilst, the amounts due to related parties decreased by Baht 267.4 million.
2. Non-current liabilities increased by Baht 3,202.0 million, mainly from the issuance of the debentures in an amount of Baht 1,600.0 million. The proceed will be used for general purpose and/or for loan payment and/or for working capital. Finance lease liabilities increased by Baht 840.9 million, owing to the delivery of 3 aircraft under finance lease agreements in 2017, although 2 aircraft under finance lease agreements were terminated early. Furthermore, the long-term borrowings from financial institutions increased by Baht 711.3 million to finance the purchase of an aircraft and use it as collateral.

Equity

As at 31 December 2017, total equity amounted to Baht 10,622.0 million, increased by Baht 1,332.6 million or 14% compared to the year ended 31 December 2016, resulting from the operating results during the period. Nevertheless, Thai AirAsia announced the interim dividend payment in respect of the operating result for the year 2017 at the rate Baht 30.50 per share, totalling Baht 1,328.4 million and paid to shareholders on 10 November, 2017.

Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at 31 December 2017 were 1.83 times and 1.20 times, respectively. Thai AirAsia has a policy to manage its Debt-to-Equity ratio less than 2 times in order to maintain a strong capital structure in the competitive market.

Statement of Cash Flows

For the year ended 31 December 2017, Thai AirAsia had net cash generated from operating activities amounted of Baht 5,121.1 million, mainly due to operating profit in this period. In contrast, net cash used in investing activities was Baht 2,846.9 million mainly from payment for aircraft, leasehold improvements and equipment as the company delivered 4 aircraft, which 3 out of 4 aircraft were under finance lease agreements and payment for aircraft maintenance reserves while there was cash received from fixed deposits reaching the maturity date. Net cash used in financing activities was Baht 1,566.5 million from payments for early termination of finance leases and dividend paid whilst there was the issuance of debentures and net proceeds of long-term borrowings from financial institutions. As a result, Thai AirAsia had net increase in cash and cash equivalents of Baht 707.7 million, while the cash and cash equivalents at the end of the year amounted to Baht 5,210.6 million.

BUSINESS OUTLOOK

In January 2018, The International Monetary Fund (IMF) expected the world economic growth in 2018 to be at 3.9%, up from last year's estimate at 3.7%. Although economic activities are projected to be at growth momentum in 2018, however, several uncertainties remain. In order to respond to the risk that may arise to affect the Company's operation, the Company analyses possible factors that may prevent the Company in achieving its goals and mitigate its risks as follows;

- 1. Interest rate fluctuation:** the U.S. economy is believed to expand continuously, leading to potential of rise in interest rate hike by the Federal Reserve (Fed) where policies remain consistent after John Powell has been nominated as the new chairman. The hike is believed to be gradually implemented during the year, similarly to Janet Yellen's policy. The effect of the increased rate would likely affect borrowing costs of the Company as the Company would finance for new aircrafts and business expansions. Thus, the Company has set a measure to alleviate interest rate risk by fixing interest rate during the negotiation for financial lease contracts and by considering using financial instruments at appropriate time.
- 2. Currency fluctuation:** the Company has revenues and expenses in various different currencies. Therefore, the Company has adopted the practice of Natural Hedging to reduce the exposure of foreign exchange rates fluctuation by matching cash expenses and revenues in the same currency as practically possible. Moreover, the structure of the foreign currency loans is made in accordance with the highest currency net operating cash flow. The Company also used financial instruments for currency risk management when deemed applicable.
- 3. Fuel costs fluctuation:** crude oil price is expected to level up with limitation after the Organization of the Petroleum Exporting (OPEC) and Non-OPEC members have extended the agreement to reduce their productions until the end of year 2018. At the same time, the production of Shale Oil in the U.S. and effects of short-term investment in the market could pressure the oil price if the crude oil price is traded at higher price. In an attempt to insure against the constant fluctuation in fuel costs, the company has the fuel hedging policy as a tool to mitigate its exposure to volatile.

The Office of the National Economics and Social Development Board (NESDB) forecasts Thailand economic growth for 2018 within the range of 3.6%-4.6% driven by several factors in 2017 such as improvement of global economy, public and private investment and the improvement of employment rate including the standard wage rate for employments in system. Export and tourism are expected to be well-performed.

According to the Tourism and Sports Ministry, revenue from tourism in 2018 is expected to be at Baht 3.0 trillion, 9% growth from previous year with Baht 2.0 trillion from international and Baht 1.0 trillion from domestic tourists at growth of 9% and 8% from previous year respectively. The number of international arrivals in 2018 is forecasted to rise approximately over 37.0 million, compared to 35.4 million in the previous year, mainly from the government scheme in order to attract international tourists by promoting Thailand as Amazing Thailand Tourism Year 2018 during November 1, 2017 – January 1, 2019 with promotion of Thai products as Million Shades of Thailand, allowing tourists to experience Thailand in various dimensions. The government continues to stimulate local tourism promoting the proactive campaign "Thailand's 12 Hidden Gems" and "Thailand's 12 Hidden Gems...Plus" as well as to impose tax-incentive scheme for 55 secondary provinces effective from January 1, 2018 – December 31, 2018 in order to distribute income from tourism to the potential areas. Additionally, tourism in the first quarter will be supported by the high season of Thailand tourism including New Year and Chinese New Year. It is expected that the tourists would be robust which will support the aviation industry and the tourism sector. Despite the growth, the volatility of the world's politics is the key risk of Thailand's economic growth.

In 2018, Thai AirAsia aims to reach a target of 23.2 million passengers, with a strong load factor at 87%, and plans to acquire 7 more aircraft during the year to bring its fleet to 63 aircraft. Furthermore, Thai AirAsia is planning to add more routes to the Indian and the Asean markets while maintaining its position in Chinese market. Therefore, this diversified strategy tend to minimise the risk of dependence on major customer base and to enhance its sustainable revenue growth in the future.



Shell Aviation


Your future

Our focus

A proud partner of AirAsia



krungsri
กรุงศรี

A member of  MUFG
a global financial group



Bank of Ayudhya one of the most trusted banks in Thailand

Officially rated by leading global rating agencies

Bank of Ayudhya, a strategic member of MUFG's global financial group, receives official credit ratings from international rating agencies; Moody's Investors Service (Baa1), Standard and Poor's (BBB+) and Fitch Ratings (A-), (AAA(tha)). Rising up to be a strong leader, we are ready to support large corporates, SMEs and investors with assured confidence in our financial soundness.



Mitsubishi UFJ Financial Group (MUFG) is Japan's largest and one of the world's largest and most diversified financial groups.



Krungsri (Bank of Ayudhya PCL and its subsidiaries which includes Ayudhya Development Leasing Co., Ltd.) is strongly committed to the highest level of integrity in conducting business along its 73 years of history in Thailand.



Financial Statements

31 December 2017

Asia Aviation Public Company Limited

Independent Auditor's Report

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF ASIA AVIATION PUBLIC COMPANY LIMITED

MY OPINION

In my opinion, the consolidated financial statements of Asia Aviation Public Company Limited (the Company) and its subsidiary (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated financial statements and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated financial statements and separate financial performance and its Consolidated financial statements and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

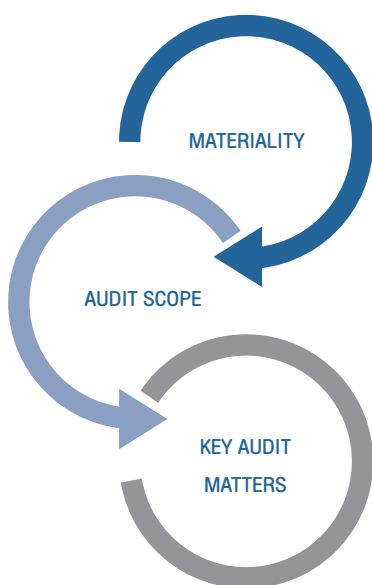
The consolidated financial statements financial statements and the separate financial statements comprise:

- the consolidated financial statements and separate statements of financial position as at 31 December 2017;
- the consolidated financial statements and separate statements of comprehensive income for the year then ended;
- the consolidated financial statements and separate statements of changes in equity for the year then ended;
- the consolidated financial statements and separate statements of cash flows for the year then ended; and
- the notes to the consolidated financial statements and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated financial statements and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

MY AUDIT APPROACH - OVERVIEW



Materiality

Overall group materiality: Baht 128 million which represents 5% of Group's profit before tax.

The overall materiality is determined from profit before tax in Thai Baht which is the Group's functional currency as described in the accounting policy in note 2.3 (a).

Audit scope

I conduct with audit work of the Group which engages the operation of a low-fare airline business.

Key audit matters

I identified the following key audit matters:

- Revenue recognition from passenger flight ticket and ancillary income
- Consideration for a share-based payment

Materiality

The scope of my audit was influenced by my application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on my professional judgement, I determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped me to determine the scope of my audit and the nature, timing and extent of my audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	Baht 128 million
How I determined it	5% of profit before tax
Rational for the materiality benchmark applied	I chose profit before tax as the critical measure because, in my view, it is the measure against which the performance of the Group is most commonly assessed. The 5% benchmark is a generally accepted auditing practice and there were no significant unusual elements that merited adjustments to this benchmark.

I agreed with the audit committee that I would report to them misstatements identified during my audit.

How I tailored my audit scope

I tailored the scope of my audit in order to perform sufficient work to enable me to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and separate financial statements, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW MY AUDIT ADDRESSED THE KEY AUDIT MATTER
<p data-bbox="168 541 786 604">Revenue recognition from passenger flight tickets and ancillary income</p> <p data-bbox="168 632 854 957">The total revenue from passenger flight tickets and ancillary income for the year ended 31 December 2017 was Baht 33,617 million representing 94% of total revenue. The details were presented in Note 25: Revenues from sales and services. The amount paid in advance by customers for future scheduled flights was recorded as deferred revenue, and was recognised as revenue in the statement of comprehensive income when passengers actually board with their advanced booking tickets. Deferred revenue presented in the statement of financial position as at 31 December 2017 was Baht 4,821 million.</p> <p data-bbox="168 982 854 1230">Passenger flight tickets and ancillary income and deferred revenue are key audit matters as they are a substantial part of the financial statements. The determination of the amount of revenue to be recognised for each flight relies on data from complex IT systems and involves a significant volume of advanced booking tickets via various sales channels and different ticket prices. It is collected in advance in Thai Baht and various foreign currencies.</p> <p data-bbox="168 1255 854 1356">As a result of the complexity and a high volume of transactions, I focused on accuracy and occurrence of data in the revenue reports that were generated from the system to recognise revenue during the year.</p>	<p data-bbox="894 541 1260 569">I performed the following procedures:</p> <ul data-bbox="894 617 1455 1608" style="list-style-type: none"> • Evaluated the design and implementation of the process and key controls for advanced booking tickets, and revenue recognition once passengers fly using their advanced booking tickets. • Tested the operating effectiveness of the information technology general controls and the related key application controls of the systems over revenue from passenger flight ticket and ancillary income cycle operated at the entity and service organisation. I inspected the results of testing in the service auditor's report. • Validated the key control over reconciling the booking and cash collection information by checking passenger flight tickets and ancillary income booked in the flight ticket booking system with the bank statements from financial institutions. • Selected a sample of the amounts recorded in the revenue report and traced these to the advance bookings in the flight ticket booking system to check the accuracy and completeness of revenue recognition. • Selected a sample of scheduled flights in the revenue report and traced them to the external reports from the Airport Authorities to check that accuracy of passenger numbers of and that the scheduled flights, which were actually operated. • Tested the recording of the translation of foreign currency transactions.

KEY AUDIT MATTER	HOW MY AUDIT ADDRESSED THE KEY AUDIT MATTER
<p data-bbox="183 541 592 569">Consideration for a share-based payment</p> <p data-bbox="183 617 865 1087">In December 2017, the major shareholder of the Company sold 1,761,588,286 of their shares (or 36% interest of the Company) back to the former shareholder who also holds the position as the Company's management. The shares were sold at a lower price compared to the latest sales and purchase price (closing price) on the grant date as shown by the Stock Exchange of Thailand. This might indicate whether the agreed sales and purchase price reflected the fair value of the share sale and purchase transaction on the grant date, and whether it was paid for compensation for his employment service. If the agreed sales and purchase price didn't reflect the fair value of shares, the Company had to recognise the difference between transacted price and fair value to expenses in the statement of comprehensive income under Thai Financial Reporting Standard -TFRS 2 "Share-based payment".</p> <p data-bbox="183 1136 865 1419">The share price for this big lot sale and purchase passed the Company's valuation process to calculate the range of appropriate sales and purchase prices, and was in line with fair value on the grant date. The Company hired an independent financial advisor with the competence and expertise to assess the share price by using the discounted cash flow method and using key assumptions such as forecast fares and fuel costs, airline business growth rates, discount rate, and liquidity discount of shares.</p> <p data-bbox="183 1470 865 1570">I focused on this area as it involved a significant judgement when considering whether this large sales and purchase transaction reflected the fair value and whether it fell under share-based payment.</p>	<p data-bbox="906 541 1352 569">My audit comprised the following procedures:</p> <ul data-bbox="906 617 1466 1163" style="list-style-type: none"> <li data-bbox="906 617 1466 718">• Assessed the qualifications and competence of the financial advisor who was hired to assess the Company's share price. <li data-bbox="906 728 1466 1012">• Assessed the reasonableness of the key assumptions made by the financial advisor in the valuation model, comprising the forecast fares and fuel costs, airline business growth rates, and discount rate used. I challenged the financial advisor to understand and evaluate their basis for selecting the assumptions, and compared them to external sources to see if they were consistent with forecasts within the industry. <li data-bbox="906 1022 1466 1163">• Engaged an audit expert to assess and test the price valuation methodologies applied in calculating the share price, including calculation of the discount rate to consider if the key assumptions were reasonable. <p data-bbox="906 1211 1466 1386">From these procedures performed, I found that the valuation methodologies used and the key assumptions were reasonable. The sales and purchase price of the shares fell within an acceptable range of fair value, and thus did not fall under share-based payment.</p>

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibility for overseeing the Group and the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control if I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Pailoon Tunkoon
 Certified Public Accountant (Thailand) No. 4298
 Bangkok
 21 February 2018

Statement of Financial Position

As at 31 December 2017

(Unit: Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	5,337,959,662	4,661,352,232	127,336,885	112,126,184
Cash at financial institutions pledged as security		-	1,636,470	-	-
Short-term investments	8	1,489,009,499	2,069,763,643	-	-
Trade and other receivables, net	9	455,766,761	446,003,586	1,350,000	870,000
Amounts due from related parties	28.4	944,932,121	804,788,351	119,558	6,687,500
Inventories		148,800,537	118,176,358	-	-
Prepaid expenses		370,337,031	323,080,945	857,959	918,386
Other current assets		302,163,135	334,814,912	3,110,216	2,105,499
Total current assets		9,048,968,746	8,759,616,497	132,774,618	122,707,569
Non-current assets					
Long-term investments	10	11,883,900	11,848,500	-	-
Investment in subsidiary	11	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	28.5	3,652,264,201	2,665,543,653	-	-
Aircraft, leasehold improvements and equipment, net	12	25,472,747,919	20,425,356,577	8,801	13,101
Intangible assets, net	13	14,889,077,519	14,871,536,619	1	1
Goodwill	14	8,824,825,803	8,824,825,803	-	-
Deferred tax assets, net	19	-	-	470,578	966,947
Other non-current assets	15	873,796,859	1,040,698,183	-	-
Total non-current assets		53,724,596,201	47,839,809,335	3,067,593,750	3,068,094,419
Total assets		62,773,564,947	56,599,425,832	3,200,368,368	3,190,801,988

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statement of Financial Position (Cont'd)

As at 31 December 2017

(Unit: Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Liabilities and equity					
Current liabilities					
Trade accounts payable		310,666,172	488,960,425	-	-
Other accounts payable		478,322,743	340,856,616	581,512	593,123
Amounts due to related parties	28.7	170,092,214	430,781,485	-	-
Deferred revenues		4,820,988,435	4,238,145,612	-	-
Accrued expenses		2,376,044,919	1,890,245,179	3,035,000	2,210,880
Current portion of long-term borrowings from financial institutions	16	1,348,080,475	559,746,132	-	-
Current portion of finance lease liabilities	18	1,299,335,216	1,231,760,940	-	-
Other current liabilities		106,606,078	89,604,216	54,298,865	50,642,628
Total current liabilities		10,910,136,252	9,270,100,605	57,915,377	53,446,631
Non-current liabilities					
Long-term borrowings from financial institutions	16	1,984,335,988	1,273,007,321	-	-
Debentures	17	1,598,005,612	-	-	-
Finance lease liabilities	18	13,231,620,700	12,390,703,979	-	-
Deferred tax liabilities, net	19	3,249,688,989	3,290,418,091	-	-
Employee benefit obligations	21	346,675,403	254,950,594	-	-
Total non-current liabilities		20,410,326,692	17,209,079,985	-	-
Total liabilities		31,320,462,944	26,479,180,590	57,915,377	53,446,631

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statement of Financial Position (Cont'd)

As at 31 December 2017

(Unit: Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital					
4,850,000,000 shares					
of par Baht 0.1 each		485,000,000	485,000,000	485,000,000	485,000,000
Issued and paid-up share capital					
Ordinary shares, 4,850,000,000 shares					
of paid-up Baht 0.1 each	22	485,000,000	485,000,000	485,000,000	485,000,000
Premium on share capital	22	2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings					
Appropriated - legal reserve	24	48,500,000	48,500,000	48,500,000	48,500,000
Unappropriated		18,872,576,491	18,137,211,185	9,144,717	4,047,083
Equity attributable to owners of the parent		22,005,884,765	21,270,519,459	3,142,452,991	3,137,355,357
Non-controlling interests		9,447,217,238	8,849,725,783	-	-
Total equity		31,453,102,003	30,120,245,242	3,142,452,991	3,137,355,357
Total liabilities and equity		62,773,564,947	56,599,425,832	3,200,368,368	3,190,801,988

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2017

(Unit: Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Revenues from sales and services	25	35,931,561,001	32,400,568,631	25,000,000	25,000,000
Cost of sales of goods and services		(31,028,717,048)	(26,687,758,182)	-	-
Gross profit		4,902,843,953	5,712,810,449	25,000,000	25,000,000
Other income		1,028,708,308	729,735,863	732,820,454	739,969,637
Selling expenses		(1,559,994,508)	(1,507,500,692)	-	-
Administrative expenses		(1,389,731,370)	(1,128,580,133)	(24,748,536)	(24,961,705)
Net gain (loss) on exchange rates		322,049,042	(79,505,701)	200	-
Finance costs		(653,183,898)	(520,855,609)	-	-
Profit before income taxes		2,650,691,527	3,206,104,177	733,072,118	740,007,932
Income taxes	20	34,071,994	191,496,428	(496,369)	(437,848)
Profit for the year		2,684,763,521	3,397,600,605	732,575,749	739,570,084
Other comprehensive income (expense):					
Items that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations	21	(33,285,539)	(43,074,344)	-	-
Income taxes on items that will not be reclassified	20	6,657,108	8,614,869	-	-
Other comprehensive expense for the year, net of taxes		(26,628,431)	(34,459,475)	-	-
Total comprehensive income for the year		2,658,135,090	3,363,141,130	732,575,749	739,570,084
Profit attributable to:					
Owners of the parent		1,477,489,058	1,869,462,906	732,575,749	739,570,084
Non-controlling interests		1,207,274,463	1,528,137,699	-	-
		2,684,763,521	3,397,600,605	732,575,749	739,570,084
Total comprehensive income attributable to:					
Owners of the parent		1,462,843,421	1,850,510,195	732,575,749	739,570,084
Non-controlling interests		1,195,291,669	1,512,630,935	-	-
		2,658,135,090	3,363,141,130	732,575,749	739,570,084
Earnings per share					
Basic earnings per share	27	0.3046	0.3855	0.1510	0.1525

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

(Unit: Baht)

CONSOLIDATED FINANCIAL STATEMENTS

	Notes	Attributable to owners of the parent					Total equity
		Issued and paid-up share capital	Premium on share capital	Appropriated - legal reserve	Retained earnings	Non-controlling interests	
Opening balance as at 1 January 2016		485,000,000	2,599,808,274	26,510,386	17,031,066,832	20,142,385,492	28,083,160,556
Legal reserve	24	-	-	21,989,614	(21,989,614)	-	-
Dividends paid	23	-	-	-	(722,376,228)	(722,376,228)	(1,326,056,444)
Total comprehensive income for the year		-	-	-	1,850,510,195	1,850,510,195	3,363,141,130
Closing balance as at 31 December 2016		485,000,000	2,599,808,274	48,500,000	18,137,211,185	21,270,519,459	30,120,245,242
Opening balance as at 1 January 2017		485,000,000	2,599,808,274	48,500,000	18,137,211,185	21,270,519,459	30,120,245,242
Dividends paid	23	-	-	-	(727,478,115)	(727,478,115)	(1,325,278,329)
Total comprehensive income for the year		-	-	-	1,462,843,421	1,462,843,421	2,658,135,090
Closing balance as at 31 December 2017		485,000,000	2,599,808,274	48,500,000	18,872,576,491	22,005,884,765	31,453,102,003

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2017

(Unit: Baht)

SEPARATE FINANCIAL STATEMENTS

	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
				Appropriated - legal reserve	Unappropriated	
Opening balance as at 1 January 2016		485,000,000	2,599,808,274	26,510,386	8,842,841	3,120,161,501
Legal reserve	24	-	-	21,989,614	(21,989,614)	-
Dividends paid	23	-	-	-	(722,376,228)	(722,376,228)
Total comprehensive income for the year		-	-	-	739,570,084	739,570,084
Closing balance as at 31 December 2016		485,000,000	2,599,808,274	48,500,000	4,047,083	3,137,355,357
Opening balance as at 1 January 2017		485,000,000	2,599,808,274	48,500,000	4,047,083	3,137,355,357
Dividends paid	23	-	-	-	(727,478,115)	(727,478,115)
Total comprehensive income for the year		-	-	-	732,575,749	732,575,749
Closing balance as at 31 December 2017		485,000,000	2,599,808,274	48,500,000	9,144,717	3,142,452,991

The accompanying notes are an integral part of these consolidated and separate financial statements.

Statement of Cash Flows

For the year ended 31 December 2017

(Unit: Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Cash flows from operating activities					
Profit before income taxes		2,650,691,526	3,206,104,177	733,072,118	740,007,932
Adjustments for:					
Bad debt		3,042,202	216,569	-	-
Depreciation	12	1,441,197,510	1,177,328,308	4,300	4,300
Amortisation	13	9,791,379	5,047,879	-	-
Gain on disposals and write-offs of leasehold improvements, equipment and intangible assets		(243,201)	(1,681,741)	-	-
Employee benefit expenses	21	64,864,270	44,530,630	-	-
Net gain on exchange rates		(416,755,828)	(112,923,297)	(200)	-
Finance costs		653,183,898	520,855,609	-	-
Dividends income		-	-	(730,644,367)	(737,831,032)
Interest income		(55,989,402)	(76,425,306)	(269,885)	(388,105)
		4,349,782,354	4,763,052,828	2,161,966	1,793,095
Changes in operating assets and liabilities:					
- Trade and other receivables		(11,324,013)	(7,523,811)	(480,000)	(870,000)
- Amounts due from related parties		(133,491,105)	(476,056,234)	6,567,942	(6,687,500)
- Inventories		(30,624,179)	(24,143,074)	-	-
- Prepaid expenses		(47,256,086)	(7,381,152)	60,427	10,461
- Other current assets		42,844,951	(265,135,555)	(45,018)	40,373
- Other non-current assets		166,901,324	(38,877,014)	-	-
- Trade accounts payable		(178,294,253)	153,153,421	-	-
- Other accounts payable		137,466,127	146,298,291	(11,611)	593,123
- Amounts due to related parties		(267,376,771)	(487,097,016)	-	-
- Deferred revenues		582,842,823	207,916,599	-	-
- Accrued expenses		492,994,968	337,127,474	824,120	654,080
- Other current liabilities		17,001,862	49,620,433	3,656,237	49,893,890
- Employee benefit	21	(6,425,000)	(1,600,000)	-	-
Cash generated from operating activities		5,115,043,002	4,349,355,190	12,734,063	45,427,522
Income taxes paid		(10,193,172)	(18,403,254)	(959,699)	(581,981)
Interest received		28,280,795	50,607,578	269,885	388,105
Net cash generated from operating activities		5,133,130,625	4,381,559,514	12,044,249	45,233,646

The accompanying notes are an integral part of these consolidated and company financial statements.

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2017

(Unit: Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Cash flows from investing activities					
Decrease in cash at financial institutions pledged as security		1,636,140	351,643,081	-	-
Decrease (increase) in short-term investments		486,342,968	(943,880,413)	-	-
Decrease (increase) in long-term investments	10	(35,400)	1,442,800	-	-
Payment for aircraft maintenance reserves		(986,720,548)	(1,599,163,342)	-	-
Proceeds from disposals of leasehold improvements and equipment		82,962,224	153,539,765	-	-
Payments for aircraft, leasehold improvements and equipment		(2,425,061,385)	(766,710,010)	-	-
Payments for intangible assets	13	(27,332,282)	(8,091,458)	-	-
Dividends received		-	-	730,644,367	737,831,032
Interest received		21,346,628	25,633,799	-	-
Net cash generated from (used in) investing activities		(2,846,861,655)	(2,785,585,778)	730,644,367	737,831,032
Cash flows from financing activities					
Proceeds from long-term borrowings from financial institutions	16	3,510,000,000	2,000,000,000	-	-
Payment for front end fee of long-term borrowings from financial institutions	16	(1,800,000)	(2,400,000)	-	-
Repayments of long-term borrowings from financial institutions	16	(2,009,352,070)	(165,066,547)	-	-
Proceeds from debentures	17	1,600,000,000	-	-	-
Payments for front end fee of debentures	17	(2,369,874)	-	-	-
Payments for early termination of finance leases		(1,602,541,542)	(1,931,831,266)	-	-
Repayments of finance leases		(1,116,483,886)	(1,142,796,723)	-	-
Dividends paid to Group shareholders	23	(727,478,115)	(722,376,228)	(727,478,115)	(722,376,228)
Dividends paid to non-controlling interests	11	(597,800,214)	(603,680,216)	-	-
Interest paid		(615,548,394)	(529,980,060)	-	-
Net cash used in financing activities		(1,563,374,095)	(3,098,131,040)	(727,478,115)	(722,376,228)

The accompanying notes are an integral part of these consolidated and company financial statements.

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2017

(Unit: Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Net increase (decrease) in cash and cash equivalents		722,894,875	(1,502,157,304)	15,210,501	60,688,450
Cash and cash equivalents at the beginning of the year		4,661,352,232	6,122,814,644	112,126,184	51,437,734
Exchange gain (loss) on cash and cash equivalents		(46,287,445)	40,694,892	200	-
Cash and cash equivalents at the end of the year		5,337,959,662	4,661,352,232	127,336,885	112,126,184
Non-cash transactions					
Significant non-cash transactions during the years ended 31 December 2017 and 2016 are as follows:					
Purchases of aircraft spare parts which have not been paid		27,940,481	55,153,690	-	-
Purchases of aircraft and aircraft engine under finance lease agreements		4,173,977,431	2,716,610,257	-	-

The accompanying notes are an integral part of these consolidated and company financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

1 GENERAL INFORMATION

Asia Aviation Public Company Limited (“the Company”) is a public 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 Company’s ordinary shares are listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiary are referred to as “the Group”.

The principal business operations of the Company and its subsidiary are summarised below:

The Company’s principal business operation is to invest in low-fare airline business company which is Thai AirAsia Company Limited. The Company’s shareholding interest is 55%.

The subsidiary, Thai AirAsia Company Limited, principally provides low-fare airline services.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 21 February 2018.

2 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention, except as disclosed otherwise in the accounting policies.

The preparation of consolidated and separate financial statements in conformity with Thai Generally Accepted Accounting Principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the consolidated and separate financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language consolidated and separate financial statements shall prevail.

2 ACCOUNTING POLICIES (CONT'D)

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

2.2.1 The Group 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.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017) Statement of Cash Flows

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in Thai Baht, which is the Group and Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Where a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, where a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.4 Segment reporting

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.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and are not pledged as security.

2 ACCOUNTING POLICIES (CONT'D)

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the end of year. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in statement of comprehensive income within administrative expenses.

2.7 Inventories

Inventories comprise food, beverages, merchandise, and consumables.

Food, beverages and merchandise are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

Consumables used internally for aircraft repairs and maintenance are stated at the lower of cost or net realisable value. Cost is determined by the weighted average basis and cost comprises both the purchase price and costs directly attributable to the acquisition of the inventories such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated cost necessary to make the sale. Allowance is made, where necessary, for obsolete, slow moving or defective inventories.

2.8 Investments

Investments other than investments in subsidiaries are classified into the following two categories: (1) held-to-maturity investments; or (2) general investments. The classification depends on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- Investments with fixed maturity that the management has intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for those with maturities within 12 months from the statement of financial position date which are classified as current assets.
- Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2 ACCOUNTING POLICIES (CONT'D)

2.9 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

For the separate financial statements, investments in subsidiaries are accounted for at cost less impairment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in statement of comprehensive income.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.10 Aircraft, leasehold improvements and equipment

Aircraft, leasehold improvements and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of comprehensive income during the financial period in which they are incurred.

The Group will transfer aircraft maintenance reserves to cost of aircraft and aircraft engines once the major overhaul occurred, approximately every 6 years, and amortised as expenses over the useful life not over 6 years on the straight line basis. In case that next major repair and maintenance occurs before the previously capitalised amount is fully amortised, the remaining balance of previous repair and maintenance will be charged to profit or loss in the financial period which the major repair and maintenance are incurred.

2 ACCOUNTING POLICIES (CONT'D)

2.10 Aircraft, leasehold improvements and equipment (Cont'd)

Depreciation is calculated on the straight-line basis to write down the cost of each asset, to its residual value over the estimated useful life as follows:

Aircraft and aircraft engines	5 - 25 years
Aircraft spare parts	10 years
Leasehold improvements	5 years
Computers	5 years
Furniture, fixtures and office equipment	5 years
Operating equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in statement of comprehensive income.

2.11 Intangible assets

2.11.1 Landing rights

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided that minimum utilisation requirements are observed, and are tested for impairment annually.

2.11.2 Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years on the straight-line basis.

2.12 Goodwill

At the date of acquisition, Goodwill on acquisitions of subsidiaries Note 2.9 is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2 ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Leases - where the Group is a lessee

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to profit and loss over the lease period. The assets acquired under finance lease are depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2 ACCOUNTING POLICIES (CONT'D)

2.16 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

2.17.1 Provident fund

The Group operates a provident fund that is a defined contribution plan. The fund assets are held in a separate trust fund and are managed by an external fund manager. The provident fund is funded by payments from employees and by the Group. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the prior and current periods. The Group's contributions to the provident fund are charged profit and loss in the year to which they relate.

2.17.2 Retirement benefits

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labour Law depending on age and years of service.

The liability of retirement benefit is recognised in the statement of financial position using the present value of the obligation at the statement of financial position date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The retirement benefit is calculated by an independent actuary using the projected unit credit method. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liabilities. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2 ACCOUNTING POLICIES (CONT'D)

2.18 Provisions

Provisions, which exclude the provision relating to employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expect a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

2.20 Revenue recognition

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

Revenues from sales comprises receivable for the sale of goods net of output tax, rebates and discounts. Revenues from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportion basis, taking into account of the principal outstanding and the effective rate over the period to maturity if such income will accrue to the Group.

Other income is recognised on an accrual basis.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, and interim dividends are approved by the Board of Directors.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: fuel price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not have policies to use derivative financial instruments for trading or speculative purpose.

Fuel price risk

The Group is exposed to the fluctuation of fuel price. To manage the risk of fuel price fluctuation, AirAsia Berhad, a related party, is carried out the risk management on behalf of the Group (Note 3.2).

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

Foreign currency exchange risk

Foreign currency assets mainly represent deposits at banks, other deposits and amounts due from related parties. Foreign currency liabilities mainly represent trade accounts payable, amounts due to related parties and finance lease liabilities.

The Group is exposed to foreign exchange risk arising from currency exposures mainly in respect of US Dollars. The Group has a natural hedge to the extent that payments for foreign currency payables are matched against receivables denominated in the same foreign currency. However, the Group uses forward foreign exchange contract to hedge its exposure to foreign currency risk for payments to be settled in foreign currencies. (Note 3.2).

Interest rate risk

The Group's interest rate risk arises from long-term borrowings from financial institutions, debentures and finance lease liabilities. Long-term borrowings from financial institutions and finance lease liabilities issued at variable rates. The Group uses interest rate swap agreement as a risk management instrument to manage on the fluctuation of future interest rate of finance lease liabilities. (Note 3.2).

Credit risk

Most of the Group's income, being revenues from passenger services, is normally paid by clients in advance. The credit risk incurred from amounts due from related parties is low. Management is therefore of the opinion that credit risk is not significant. The Group has not entered into any derivative contracts relating to credit risk. Cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims to maintain flexibility in funding by keeping credit lines available.

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments that the Group uses to manage risks comprise fuel price swap agreements, forward foreign exchange contracts, interest rate swap agreements and cross currency swap agreement.

Such instruments are not recognised in the Group financial statements on inception. The Group discloses the fair value of financial instruments at the statement of financial position date. (Note 3.3)

Fuel price swap agreements

AirAsia Berhad, a related party, has entered into fuel price swap agreements with third parties to protect the Group from the risk of movements in fuel prices. The Group has entered into the agreement with AirAsia Berhad under the term of the agreement that gains or losses on fuel price swap agreements are allocated to the Group based on proportion of fuel consumption on a monthly basis. The Group records these transactions in profit and loss as a component of operating costs when they incur.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Accounting for derivative financial instruments and hedging activities (Cont'd)

Forward foreign exchange contracts

The Group entered into forward foreign exchange contract, some contracts give the purchase option, with several local financial institutions in order to hedge the foreign currency exchange risk. As at 31 December 2017, the outstanding contract due for settlement from 29 January 2018 to 20 January 2027 (as at 31 December 2016: 9 May 2017) is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Total amount to be received				
US Dollars 20 million at rate Baht 35.85 per US Dollar 1	-	717,040,848	-	-
US Dollars 203.41 million at rate Baht 33.12 – 33.73 per US Dollar 1	6,819,851,482	-	-	-

Interest rate swap agreements

The Group entered into interest rate swap agreements in order to use it as a risk management instrument to manage on the fluctuation of future interest rate of financial lease liabilities by changing from floating interest rate to fixed interest rate. Under the interest rate swap agreements, the Group agreed to exchange the differences between fixed rates and floating rates which are calculated by reference to the agreed notional principal amounts. As at 31 December 2017, the notional principal from the agreements amounted to Baht 2,940.52 million and USD 116.74 million (2016: Baht 3,095.84 million and USD 129.14 million), the fixed interest rates were 2.24% - 5.09% (2016: 2.24% - 5.09%) and the floating interest rates were THBFX1M plus 1.98% - 2.20%, THBFX6M plus 2.25% and USD LIBOR3M plus 0.56% - 3.00% (2016: THBFX1M plus 1.98% - 2.20%, THBFX6M plus 2.25% and USD LIBOR3M plus 0.56% - 3.00%).

Interest rate swap agreements are due for settlement of the differences in interest amount every month.

Cross currency swap agreement

The Group entered into cross currency swap agreement with local financial institution in order to hedge both foreign exchange and interest rate risks relating to payments to be settled in foreign currencies. As at 31 December 2017, the outstanding agreement due for settlement on 10 November 2025 and 30 September 2028 (2016: 10 November 2025). The notional principal from the agreement amounted to USD 59.18 million (2016: USD 26.65 million), the fixed interest rate was 2.64% - 3.74% (2016: 2.64%) and the floating interest rate was USD LIBOR3M plus 0.70% - 1.95% (2016: USD LIBOR3M plus 0.70%).

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Fair value estimation

The table below presents the fair value of financial instruments which are not recognised in the Group financial statements, 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 fair value of the Company's financial assets and liabilities which are derivative at 31 December 2017.

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Level 2	Level 2	Level 2	Level 2
	US Dollars	Baht	US Dollars	Baht
Assets				
Derivatives used for hedging				
Fuel price swap agreements	5,061,548	-	-	-
Interest rate swap agreements	95,847,815	-	-	-
Total assets	100,909,363	-	-	-

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Level 2	Level 2	Level 2	Level 2
	US Dollars	Baht	US Dollars	Baht
Liabilities				
Derivatives used for hedging				
Interest rate swap agreements	-	65,881,468	-	-
Foreign exchange forward contracts	233,934,268	-	-	-
Cross currency swap agreement	79,991,180	-	-	-
Total liabilities	313,925,448	65,881,468	-	-

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

Derivatives instruments are measured at their fair values which were quoted prices of the financial institutions with which the Group 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 statements of financial position.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14).

4.2 Retirement benefits

The present value of the retirement benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefits obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in Note 21.

5 CAPITAL RISK MANAGEMENT

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In order to obtain the promotional privileges from the Board of Investment, the Group has also to maintain minimum capital investment as specified in each certificate.

6 SEGMENT INFORMATION

Financial information by business segments

(Unit : Baht)

	2017				Total
	Scheduled flight operations	Charter flight operations	Other business	Elimination	
Revenues from sales and services	34,316,375,779	1,615,185,222	25,000,000	(25,000,000)	35,931,561,001
Depreciation and amortisation	(1,379,888,637)	(64,947,876)	(4,300)	-	(1,444,840,813)
Profit from operation	1,522,080,937	436,933,748	251,464	-	1,959,266,150
Unallocated costs					(6,148,075)
Other income					1,028,708,308
Net gain on exchange rates					322,049,042
Finance costs					(653,183,898)
Profit before income taxes					2,650,691,527
Income taxes					34,071,994
Profit for the year					2,684,763,521
Consolidated total assets					62,773,564,947

(Unit : Baht)

	2016				Total
	Scheduled flight operations	Charter flight operations	Other business	Elimination	
Revenues from sales and services	30,437,224,736	1,963,343,895	25,000,000	(25,000,000)	32,400,568,631
Depreciation and amortization	(1,092,918,627)	(70,498,383)	(4,300)	-	(1,163,421,310)
Profit from operation	2,544,437,730	551,208,478	38,295	-	3,095,684,503
Unallocated costs					(18,954,879)
Other income					729,735,863
Net loss on exchange rates					(79,505,701)
Finance costs					(520,855,609)
Profit before income taxes					3,206,104,177
Income taxes					191,496,428
Profit for the year					3,397,600,605
Consolidated total assets					56,599,425,832

6 SEGMENT INFORMATION (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 makes strategic decisions.

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

- Scheduled flight operations: The Group provides passenger air transportation services to routine destinations for scheduled flights. The Group sells tickets through its distribution channels such as website, sale counters and travel agents etc.
- Chartered flight operations: The Group 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 Group measures its profit or loss from operation in the financial statements. Net gain on exchange rates, other income, finance costs and income tax expense are not allocated to each reporting segment.

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

7 CASH AND CASH EQUIVALENTS

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Cash on hand	8,567,450	8,755,450	-	-
Deposits held at call with banks	4,586,622,212	4,652,596,782	127,336,885	112,126,184
Short-term bank deposits with maturity of three months or less	742,770,000	-	-	-
Total cash and cash equivalents	<u>5,337,959,662</u>	<u>4,661,352,232</u>	<u>127,336,885</u>	<u>112,126,184</u>

The weighted average interest rate of deposits held at call with banks was 0.63% per annum (2016: 0.83% per annum).

8 SHORT-TERM INVESTMENTS

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Fixed deposits	<u>1,489,009,499</u>	<u>2,069,763,643</u>	<u>-</u>	<u>-</u>

As at 31 December 2017, short term investments comprise fixed deposits of US Dollars 30.30 million and Baht 503.74 million (as at 31 December 2016: US Dollars 30 million and Baht 1,000 million). Fixed deposits have the period of 11-month to 12-month and bear interests at the rates of 1.20% to 1.70% per annum (2016: 1.00% to 1.65% per annum).

9 TRADE AND OTHER RECEIVABLES, NET

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Trade accounts receivable	381,740,341	339,573,128	-	-
Less Allowance for doubtful account	-	-	-	-
Trade accounts receivable, net	381,740,341	339,573,128	-	-
Accrued airport fee and incentive income	16,886,607	35,016,553	-	-
Accrued income	14,578,906	50,693,994	1,350,000	870,000
Other receivables	42,560,907	20,719,911	-	-
Total trade and other receivables, net	455,766,761	446,003,586	1,350,000	870,000

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

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Up to 3 months	376,466,466	311,441,205	-	-
3 - 6 months	1,402,061	14,996,214	-	-
6 - 12 months	2,085,779	8,894,433	-	-
Over 12 months	1,786,035	4,241,276	-	-
Total trade accounts receivable	381,740,341	339,573,128	-	-
Less Allowance for doubtful accounts	-	-	-	-
Total trade accounts receivable, net	381,740,341	339,573,128	-	-

10 LONG-TERM INVESTMENTS

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Opening book amount	11,848,500	13,291,300	-	-
Additions	35,400	-	-	-
Disposals	-	(1,442,800)	-	-
Closing book amount	11,883,900	11,848,500	-	-

As at 31 December 2017, long-term investments comprise:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS	
	General investment	Total
Equity securities	11,883,900	11,883,900
Total long-term investments	11,883,900	11,883,900

General investment of the Group is the investment in ordinary shares of Aeronautical Radio of Thailand Limited.

11 INVESTMENT IN SUBSIDIARY

Details of investment in a subsidiary are as follows:

	Country of incorporation	Nature of business	PROPORTION OF SHARES HELD BY PARENT		PROPORTION OF SHARES HELD BY NON-CONTROLLING INTERESTS		SEPARATE FINANCIAL STATEMENTS COST METHOD	
			2017	2016	2017	2016	2017	2016
			Percent	Percent	Percent	Percent	Baht	Baht
Thai AirAsia Company Limited	Thailand	Providing a low-fare airline service	55%	55%	45%	45%	3,067,114,370	3,067,114,370

On 14 February 2012, the Company entered into an "Amended and Restated Shareholders' Agreement" with three parties which are AirAsia Investment Ltd. (a subsidiary of AirAsia Berhad), AirAsia Berhad and Thai AirAsia Company Limited pursuant to which the parties set out their respective rights and obligations with respect to Thai AirAsia Company Limited. According to the "Amended and Restated Shareholders' Agreement", the Company has gained controls over Thai AirAsia Company Limited. The "Amended and Restated Shareholders' Agreement" will be effective from the date that the Securities and Exchange Commission issues a letter to the Company notifying that it has commenced counting the period of effectiveness of the draft prospectus filed by the Company in relation to an initial public offering, which is 4 May 2012. Therefore, Thai AirAsia Company Limited has been considered as a subsidiary instead of a joint venture from that date onward.

On 29 May 2012, the Company subscribed for an additional 3,555,560 shares of Thai AirAsia Company Limited, totaling Baht 2,663.11 million, or Baht 749 each. Therefore, the Company's shareholding interest in Thai AirAsia Company Limited was increased from 51% to 55% from that date.

At the Board of Directors Meeting held on 9 November 2017, Thai AirAsia Company Limited, a subsidiary, approved the payment of interim dividends in respect of the retained earnings derived from activities under promotional privileges from the Board of Investment ("BOI") as of 30 September 2017 at Baht 30.50 per share (2016: Baht 30.80 per share) for 43,555,560 ordinary shares, totaling Baht 1,328.44 million (2016: Baht 1,341.51 million). Asia Aviation Public Company Limited received dividend income of Baht 730.64 million according to the 55% shareholding on 10 November 2017.

The investment in subsidiary has not been changed in years 2017 and 2016.

Summarised financial information on subsidiary with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for a subsidiary are before inter-company eliminations.

11 INVESTMENT IN SUBSIDIARY (CONT'D)

Summarised statement of financial position

(Unit : Baht)

	THAI AIRASIA COMPANY LIMITED	
	2017	2016
Current assets	8,916,194,126	8,643,596,428
Current liabilities	(10,852,220,875)	(9,223,341,474)
Total current net assets	(1,936,026,749)	(579,745,046)
Non-current assets	44,899,761,596	39,014,970,428
Non-current liabilities	(20,410,797,270)	(17,210,046,933)
Total non-current net assets	24,488,964,326	21,804,923,495
Net assets	22,552,937,577	21,225,178,449
Accumulated NCI	9,447,217,238	8,849,725,783

Summarised statement of comprehensive income

(Unit : Baht)

	THAI AIRASIA COMPANY LIMITED	
	2017	2016
Revenue	35,931,561,001	32,400,568,631
Profit	2,682,832,138	3,397,298,486
Other comprehensive expense	(26,628,431)	(34,459,475)
Total comprehensive income	2,656,203,707	3,362,839,011
Profit allocated to non-controlling interests	1,207,274,463	1,528,137,699
Dividends paid to non-controlling interests	597,800,214	603,680,216

Summarised statement of cash flows

(Unit : Baht)

	THAI AIRASIA COMPANY LIMITED	
	2017	2016
Net cash generated from operating activities	5,121,086,375	4,336,325,868
Net cash used in investing activities	(2,846,861,655)	(2,785,585,778)
Net cash used in financing activities	(1,566,540,346)	(3,113,585,844)
Net increase (decrease) in cash and cash equivalents	707,684,374	(1,562,845,754)
Cash and cash equivalents at beginning of year	4,549,226,048	6,071,376,910
Exchange gains/(losses) on cash and cash equivalents	(46,287,645)	40,694,892
Cash and cash equivalents at end of year	5,210,622,777	4,549,226,048

12 AIRCRAFT, LEASEHOLD IMPROVEMENTS AND EQUIPMENT, NET

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS

	Leasehold improvements	Computers	Furniture, fixtures and office equipment	Operating equipment	Motor vehicles	Aircraft and aircraft engines	Aircraft spare parts	Assets under installation	Total
At 1 January 2016									
Cost	159,616,245	105,759,049	62,174,934	295,267,636	107,585,096	19,212,780,615	1,210,458,272	23,335,019	21,176,976,866
Less Accumulated depreciation	(84,582,335)	(63,561,815)	(37,586,171)	(176,995,383)	(94,526,588)	(1,918,025,464)	(585,630,159)	-	(2,960,907,915)
Net book amount	75,033,910	42,197,234	24,588,763	118,272,253	13,058,508	17,294,755,151	624,828,113	23,335,019	18,216,068,951
For the year ended 31 December 2016									
Opening net book amount	75,033,910	42,197,234	24,588,763	118,272,253	13,058,508	17,294,755,151	624,828,113	23,335,019	18,216,068,951
Additions	7,121,272	14,518,890	3,606,379	16,732,865	17,123,991	3,214,932,435	244,015,173	20,422,953	3,538,473,958
Disposals/Write-offs, net	(1,282)	(10,001,378)	(229,750)	(12,974)	-	-	(127,786,214)	(13,826,426)	(151,858,024)
Transfers/Adjustments	13,556,670	6,991,731	-	7,187,375	-	-	-	(27,735,776)	-
Depreciation charges	(28,942,450)	(13,735,418)	(8,713,031)	(41,155,390)	(6,500,678)	(983,005,520)	(95,275,821)	-	(1,177,328,308)
Closing net book amount	66,768,120	39,971,059	19,252,361	101,024,129	23,681,821	19,526,682,066	645,781,251	2,195,770	20,425,356,577
At 31 December 2016									
Cost	180,292,905	113,093,177	65,547,274	316,845,833	124,709,087	22,427,713,050	1,073,064,108	2,195,770	24,303,461,204
Less Accumulated depreciation	(113,524,785)	(73,122,118)	(46,294,913)	(215,821,704)	(101,027,266)	(2,901,030,984)	(427,282,857)	-	(3,878,104,627)
Net book amount	66,768,120	39,971,059	19,252,361	101,024,129	23,681,821	19,526,682,066	645,781,251	2,195,770	20,425,356,577

12 AIRCRAFT, LEASEHOLD IMPROVEMENTS AND EQUIPMENT, NET (CONT'D)

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS

	Leasehold improvements	Computers	Furniture, fixtures and office equipment	Operating equipment	Motor vehicles	Aircraft and aircraft engines	Aircraft spare parts	Assets under installation	Total
For the year ended									
31 December 2017									
Opening net book amount	66,768,120	39,971,059	19,252,361	101,024,129	23,681,821	19,526,682,066	645,781,251	2,195,770	20,425,356,577
Additions	5,923,949	25,078,029	7,670,509	20,886,574	7,422,000	6,212,856,879	206,011,620	85,458,313	6,571,307,873
Disposals/Write-offs, net	(5)	(237,732)	(243,231)	(1,314,108)	(7)	-	(80,500,808)	(423,130)	(82,719,021)
Transfers/Adjustments	12,167,797	7,353,335	978,080	-	1,303,500	-	-	(21,802,712)	-
Depreciation charges	(30,754,977)	(16,868,306)	(9,302,188)	(40,504,333)	(7,962,856)	(1,242,943,158)	(92,861,692)	-	(1,441,197,510)
Closing net book amount	54,104,884	55,296,385	18,355,531	80,092,262	24,444,458	24,496,595,787	678,430,371	65,428,241	25,472,747,919

At 31 December 2017

Cost	197,882,638	137,594,634	73,652,182	331,280,976	122,932,565	28,640,569,929	1,198,525,114	65,428,241	30,767,866,279
Less Accumulated depreciation	(143,777,754)	(82,298,249)	(55,296,651)	(251,188,714)	(98,488,107)	(4,143,974,142)	(520,094,743)	-	(5,295,118,360)
Net book amount	54,104,884	55,296,385	18,355,531	80,092,262	24,444,458	24,496,595,787	678,430,371	65,428,241	25,472,747,919

The leased assets included above, where the Company is a lessee under finance lease agreements, total cost of which is Baht 21,427.27 million and total accumulated depreciation of Baht 2,911.99 million (2016: total cost of Baht 19,354.43 million and total accumulated depreciation of Baht 2,396.76 million.)

At 31 December 2017, the Group used 2 aircraft at net book value of Baht 2,475.81 million as collateral in accordance with the borrowing agreements as mentioned in Note 16.

12 AIRCRAFT, LEASEHOLD IMPROVEMENTS AND EQUIPMENT, NET (CONT'D)

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS

Office equipment

At 1 January 2016

Cost	62,187
<u>Less</u> Accumulated depreciation	<u>(44,786)</u>
Net book amount	<u>17,401</u>

For the year ended 31 December 2016

Opening net book amount	17,401
Depreciation charges	<u>(4,300)</u>
Closing net book amount	<u>13,101</u>

At 31 December 2016

Cost	62,187
<u>Less</u> Accumulated depreciation	<u>(49,086)</u>
Net book amount	<u>13,101</u>

For the year ended 31 December 2017

Opening net book amount	13,101
Depreciation charges	<u>(4,300)</u>
Closing net book amount	<u>8,801</u>

At 31 December 2017

Cost	62,187
<u>Less</u> Accumulated depreciation	<u>(53,386)</u>
Net book amount	<u>8,801</u>

13 INTANGIBLE ASSETS, NET

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS

	Landing rights	Computer software	Computer software under installation	Total
At 1 January 2016				
Cost	14,856,000,000	49,860,420	1,419,880	14,907,280,300
Less Accumulated amortisation	-	(38,787,260)	-	(38,787,260)
Net book amount	<u>14,856,000,000</u>	<u>11,073,160</u>	<u>1,419,880</u>	<u>14,868,493,040</u>
For the year ended 31 December 2016				
Opening net book amount	14,856,000,000	11,073,160	1,419,880	14,868,493,040
Additions	-	4,781,163	3,310,295	8,091,458
Transfers	-	3,101,950	(3,101,950)	-
Amortisation charges	-	(5,047,879)	-	(5,047,879)
Closing net book amount	<u>14,856,000,000</u>	<u>13,908,394</u>	<u>1,628,225</u>	<u>14,871,536,619</u>
At 31 December 2016				
Cost	14,856,000,000	57,743,533	1,628,225	14,915,371,758
Less Accumulated amortisation	-	(43,835,139)	-	(43,835,139)
Net book amount	<u>14,856,000,000</u>	<u>13,908,394</u>	<u>1,628,225</u>	<u>14,871,536,619</u>
For the year ended 31 December 2017				
Opening net book amount	14,856,000,000	13,908,394	1,628,225	14,871,536,619
Additions	-	23,389,861	3,942,421	27,332,282
Disposals/write-off, net	-	(3)	-	(3)
Transfers	-	4,348,416	(4,348,416)	-
Amortisation charges	-	(9,791,379)	-	(9,791,379)
Closing net book amount	<u>14,856,000,000</u>	<u>31,855,289</u>	<u>1,222,230</u>	<u>14,889,077,519</u>
At 31 December 2017				
Cost	14,856,000,000	84,980,084	1,222,230	14,942,202,314
Less Accumulated amortisation	-	(53,124,795)	-	(53,124,795)
Net book amount	<u>14,856,000,000</u>	<u>31,855,289</u>	<u>1,222,230</u>	<u>14,889,077,519</u>

Landing rights is tested for impairment together with the impairment of goodwill as shown in Note 14.

13 INTANGIBLE ASSETS, NET (CONT'D)

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS

Computer software

At 1 January 2016

Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	<u>1</u>

For the year ended 31 December 2016

Opening net book amount	1
Amortisation charges	-
Closing net book amount	<u>1</u>

At 31 December 2016

Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	<u>1</u>

For the year ended 31 December 2017

Opening net book amount	1
Amortisation charges	-
Closing net book amount	<u>1</u>

At 31 December 2017

Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	<u>1</u>

Landing right are tested for impairment together with goodwill due to there are in the same cash-generating units (CGUs) in Note 14.

14 GOODWILL

On 4 May 2012, the Company had gained controls over Thai AirAsia Company Limited according to an "Amended and Restated Shareholders' Agreement". Then the Company had determined the fair value of identifiable assets acquired and liabilities assumed of Thai AirAsia Company Limited and compared it to the fair value of 51% shareholding previously held before acquisition date in Thai AirAsia Company Limited. The excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition is recognised as Goodwill in the Group's statement of financial position.

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
At 31 December				
Cost	8,824,825,803	8,824,825,803	-	-
Less Provision for impairment	-	-	-	-
Net book amount	<u>8,824,825,803</u>	<u>8,824,825,803</u>	<u>-</u>	<u>-</u>

Goodwill and landing right are allocated to the Group's cash-generating units (CGUs) identified according to business segment as follows:

(Unit : Baht)

	SCHEDULED FLIGHT OPERATIONS			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Goodwill	8,824,825,803	8,824,825,803	-	-
Landing right	<u>14,856,000,000</u>	<u>14,856,000,000</u>	<u>-</u>	<u>-</u>
	<u>23,680,825,803</u>	<u>23,680,825,803</u>	<u>-</u>	<u>-</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	SCHEDULED FLIGHT OPERATIONS	
Growth rate ¹	Percentage	0.00
Discount rate ²	Percentage	9.30

¹ Weighted average growth rate used to extrapolate cash flows beyond the budget period.

² Pre-tax discount rate applied to the cash flow projections.

Management determined budgeted gross margin based on past performance and its expectations of market development.

The weighted average growth rates used are consistent with the forecasts included in industry reports.

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The recoverable amount will be equal to the carrying amount if the key assumptions used for value-in-use changes to be as follows:

	SCHEDULED FLIGHT OPERATIONS	
Discount rate	Percentage	14.60

15 OTHER NON-CURRENT ASSETS

(Unit : Baht)

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Aircraft and aircraft engine rental deposits - related party	28.6	657,120,066	741,346,452	-	-
Aircraft rental deposits - others		10,545,395	90,296,672	-	-
Airport operation deposit		34,600,000	34,600,000	-	-
Fuel price swap deposit	28.6	16,257,300	17,829,400	-	-
Rental deposits		49,815,219	49,957,927	-	-
Other deposits		105,458,879	106,667,732	-	-
Total other non-current assets		873,796,859	1,040,698,183	-	-

16 LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Current				
Current portion of long-term borrowings from financial institutions	1,349,210,475	560,546,132	-	-
Less Front end fee	(1,130,000)	(800,000)	-	-
	1,348,080,475	559,746,132	-	-
Non-current				
Long-term borrowings from financial institutions	1,986,370,907	1,274,387,321	-	-
Less Front end fee	(2,034,919)	(1,380,000)	-	-
	1,984,335,988	1,273,007,321	-	-
Long-term borrowings from financial institutions	3,332,416,463	1,832,753,453	-	-

16 LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS (CONT'D)

Movements in long-term borrowings for the year ended 31 December are analysed as follows:

(Unit : Baht)

	2017	2016
Opening book amount	1,832,753,453	-
Proceeds from long-term borrowings from financial institutions	3,510,000,000	2,000,000,000
Front end fee	(1,800,000)	(2,400,000)
Amortisation of front end fee	815,080	220,000
Payments from long-term borrowings from financial institutions	(2,009,352,070)	(165,066,547)
Closing book amount	3,332,416,463	1,832,753,453

For the year ended 31 December 2017, the Group entered into borrowing agreements that bear interest at fixed rate per annum with several local financial institutions in order to increase working capital and repayment of the remaining obligation to the existing financial institutions on behalf of the early termination of one finance lease aircraft. As the result, the Group has lower interest payment and cash flow hedges of future interest payments. The borrowing agreements mature in five and six years. Moreover, the Group also entered into a borrowing agreement that bear interest at floated rate per annum in order to purchase new aircraft, the agreement matures in 12 years. These borrowings are denominated in Thai Baht.

Long-term borrowings from financial institutions amounting to Baht 2,250 million are secured by 2 aircraft as mentioned in Note 12

The interest rate exposure on the borrowings is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Long-term borrowings from financial institutions:				
- at fixed rates	1,982,416,463	1,832,753,453	-	-
- at floating rates	1,350,000,000	-	-	-
Total long-term borrowings from financial institutions	3,332,416,463	1,832,753,453	-	-

The carrying amounts and fair values of certain long-term borrowings from financial institutions are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Carrying amounts	3,332,416,463	1,832,753,453	-	-
Fair values	3,332,416,463	1,832,753,453	-	-

The fair values of non-current portion of long-term borrowings are equal to their carrying amounts.

The fair values are based on discounted cash flows using a discount rate based upon the loan rate of 2.76% - 3.13% (2016: 3.13% - 3.25%) and are within level 2 of the fair value hierarchy.

16 LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS (CONT'D)

Maturity of Long-term borrowings from financial institutions is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Later than 1 year but not later than 5 years	1,051,435,653	1,274,387,321	-	-
Later than 5 years	934,935,254	-	-	-
Less Front end fee	(3,164,919)	(2,180,000)	-	-
	<u>3,332,416,463</u>	<u>1,832,753,453</u>	<u>-</u>	<u>-</u>

Credit facilities

The Group has the following undrawn committed borrowing facilities:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Fixed rate				
- expiring within one year	400,000,000	-	-	-
- expiring beyond one year	400,000,000	-	-	-
	<u>800,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 DEBENTURES

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Non-current				
Debentures	1,600,000,000	-	-	-
Less Front end fees	(1,994,388)	-	-	-
Total debentures	<u>1,598,005,612</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 19 May 2017, Thai AirAsia Company Limited, its subsidiary, had issued two tranches of Thai Baht debentures no.1/2017, which are named-registered, unsubordinated, unsecured and no representative holders. Details are as follows:

- The first tranche of the debentures is valued at Baht 1,000 million. Debentures bear a fixed interest rate at 2.65% per annum in which interest is payable every six-month. Term of debentures is three years from the issuance date.
- The second tranche of the debentures is valued at Baht 600 million. Debentures bear a fixed interest rate at 3.28% per annum in which interest is payable every six-month. Term of debentures is five years from the issuance date.

The subsidiary intended to use the proceeds from these issuances for general purpose and/or for loan repayment and/or for working capital.

17 DEBENTURES (CONT'D)

Movements in debentures for the year ended 31 December are analysed as follows:

(Unit : Baht)

	2017	2016
Opening book amount	-	-
Proceeds from debentures	1,600,000,000	-
Payments for debentures	(2,369,874)	-
Amortisation of front end fees of debentures	375,486	-
Closing book amount	1,598,005,612	-

The interest rate on all debentures of the Group is fixed rates. The effective interest rates at the statement of financial position date were as follows:

(Unit : %)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Debentures	2.65 - 3.28	-	-	-

The carrying amounts and fair values of debentures are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Carrying amounts	1,598,005,612	-	-	-
Fair values	1,624,836,995	-	-	-

The fair values are based on discounted cash flows using a discount rate based upon the loan rate of 2.32% - 2.83% (2016: Nil) and are within level 2 of the fair value hierarchy.

Maturity of debentures is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Within 1 year	-	-	-	-
Between 2 years and 5 years	1,598,005,612	-	-	-
	1,598,005,612	-	-	-

18 FINANCE LEASE LIABILITIES

Finance lease liabilities - minimum lease payments:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Within 1 year	1,812,725,383	1,679,361,046	-	-
Later than 1 year but not later than 5 years	7,250,901,531	6,717,444,182	-	-
Later than 5 years	8,357,719,624	7,703,167,381	-	-
<u>Less</u> Future finance charges on finance leases	<u>(2,890,390,622)</u>	<u>(2,477,507,690)</u>	-	-
	<u>14,530,955,916</u>	<u>13,622,464,919</u>	-	-
Finance lease liabilities:				
- Current portion	1,299,335,216	1,231,760,940	-	-
- Non-current portion	<u>13,231,620,700</u>	<u>12,390,703,979</u>	-	-
	<u>14,530,955,916</u>	<u>13,622,464,919</u>	-	-

The present value of finance lease liabilities is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Within 1 year	1,775,188,356	1,646,864,776	-	-
Later than 1 year but not later than 5 years	6,490,597,359	6,054,315,289	-	-
Later than 5 years	6,265,170,201	5,921,284,854	-	-
	<u>14,530,955,916</u>	<u>13,622,464,919</u>	-	-

19 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the principal tax rate of 20%.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	2,310,902,837	1,874,276,614	470,578	966,947
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	<u>(5,560,591,826)</u>	<u>(5,164,694,705)</u>	-	-
Deferred tax assets (liabilities), net	<u>(3,249,688,989)</u>	<u>(3,290,418,091)</u>	<u>470,578</u>	<u>966,947</u>

19 DEFERRED INCOME TAXES (CONT'D)

The gross movement and the deferred income taxes account is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Opening book amount	(3,290,418,091)	(3,502,537,265)	966,947	1,404,795
Charged (credited) to profit or loss	34,071,994	203,504,305	(496,369)	(437,848)
Charged to other comprehensive income	6,657,108	8,614,869	-	-
Closing book amount	<u>(3,249,688,989)</u>	<u>(3,290,418,091)</u>	<u>470,578</u>	<u>966,947</u>

The movement in deferred tax assets and liabilities during the year is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS			
	Tax loss	Retirement benefit	Finance lease	Total
Deferred tax assets				
At 1 January 2016	134,813,768	32,671,054	1,379,321,079	1,546,805,901
Charged to profit or loss	89,555,497	7,441,400	221,858,947	318,855,844
Charged to other comprehensive income	-	8,614,869	-	8,614,869
At 31 December 2016	<u>224,369,265</u>	<u>48,727,323</u>	<u>1,601,180,026</u>	<u>1,874,276,614</u>
At 1 January 2017	224,369,265	48,727,323	1,601,180,026	1,874,276,614
Charged to profit or loss	64,237,156	10,959,955	354,772,004	429,969,115
Charged to other comprehensive income	-	6,657,108	-	6,657,108
At 31 December 2017	<u>288,606,421</u>	<u>66,344,386</u>	<u>1,955,952,030</u>	<u>2,310,902,837</u>

Deferred income tax assets are recognised for tax loss carried forward only to the extent to which the realisation of the related tax benefit through the future taxable profits is probable.

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		
	Fair value of assets from business combination	Finance lease	Total
Deferred tax liabilities			
At 1 January 2016	(2,991,993,983)	(2,057,349,183)	(5,049,343,166)
Charged (credited) to profit or loss	8,039,516	(123,391,055)	(115,351,539)
At 31 December 2016	<u>(2,983,954,467)</u>	<u>(2,180,740,238)</u>	<u>(5,164,694,705)</u>
At 1 January 2017	(2,983,954,467)	(2,180,740,238)	(5,164,694,705)
Charged (credited) to profit or loss	1,229,615	(397,126,736)	(395,897,121)
At 31 December 2017	<u>(2,982,724,852)</u>	<u>(2,577,866,974)</u>	<u>(5,560,591,826)</u>

20 INCOME TAXES

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Current tax:				
Adjustment in respect of prior year	-	12,007,877	-	-
Deferred taxes:				
- Deferred tax assets	(429,969,115)	(318,855,844)	496,369	437,848
- Deferred tax liabilities	395,897,121	115,351,539	-	-
Total income taxes	<u>(34,071,994)</u>	<u>(191,496,428)</u>	<u>496,369</u>	<u>437,848</u>

Income taxes on the Group's profit before taxes differ from the theoretical amount based on the basic tax rate of the Group due to the following:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Profit before income taxes	2,650,691,526	3,206,104,177	733,072,118	740,007,932
Tax calculated at a tax rate of 20%	530,138,305	641,220,835	146,614,424	148,001,586
Tax effects of:				
Profit exempted from corporate income taxes due to promotional privileges under BOI	(572,986,011)	(852,233,002)	(146,128,875)	(147,566,206)
Expenses not deductible for tax purpose	4,073,012	7,507,862	10,820	2,468
Income subject to tax	7,514,979	-	-	-
Additional expenses deductible for tax purposes	(2,812,279)	-	-	-
Adjustment in respect of prior year	-	12,007,877	-	-
Tax charge	<u>(34,071,994)</u>	<u>(191,496,428)</u>	<u>496,369</u>	<u>437,848</u>

The weighted average applicable tax rate was -1.29% (2016: -5.97%).

The tax credit relating to component of other comprehensive income are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS					
	2017			2016		
	Before tax	Tax credit	After tax	Before tax	Tax credit	After tax
Remeasurement of employee benefit obligations	(33,285,539)	6,657,108	(26,628,431)	(43,074,344)	8,614,869	(34,459,475)
Other comprehensive income	<u>(33,285,539)</u>	<u>6,657,108</u>	<u>(26,628,431)</u>	<u>(43,074,344)</u>	<u>8,614,869</u>	<u>(34,459,475)</u>
Current taxes		-			-	
Deferred taxes		6,657,108			8,614,869	
		<u>6,657,108</u>			<u>8,614,869</u>	

21 EMPLOYEE BENEFIT OBLIGATIONS

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Statement of financial position				
Retirement benefits	346,675,403	254,950,594	-	-
Profit or loss				
Retirement benefits	64,864,270	44,530,630	-	-
Other comprehensive income				
Remeasurement for retirement benefits	33,285,539	43,074,344	-	-

Movements in the retirement benefit obligations during the year are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Opening book amount	254,950,594	168,945,620	-	-
Current service costs	56,986,494	39,597,214	-	-
Interest costs	7,877,776	4,933,416	-	-
Remeasurements:				
Loss from exchange in demographic assumptions	15,923,770	30,126,184	-	-
(Gain) loss from change in financial assumptions	17,364,365	(5,638,465)	-	-
Experience (gain) loss	(2,596)	18,586,625	-	-
Benefits paid	(6,425,000)	(1,600,000)	-	-
Closing book amount	346,675,403	254,950,594	-	-

The principal actuarial assumptions used are as follows:

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Discount rate	% per annum	2.81	3.09	-	-
Salary incremental rate	% per annum	5.59 - 10.00	5.59 - 10.00	-	-
Staff turnover rate	% per annum	0.00 - 10.00	0.00 - 10.00	-	-

21 EMPLOYEE BENEFIT OBLIGATIONS (CONT'D)

Sensitivity analysis for each significant assumption used is as follows:

	IMPACT ON DEFINED BENEFIT OBLIGATION					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 13.16%	Decrease by 12.72%	Increase by 16.00%	Increase by 15.43%
Salary incremental rate	1%	1%	Increase by 15.01%	Increase by 14.50%	Decrease by 12.64%	Decrease by 12.23%
Staff turnover rate	1%	1%	Decrease by 14.20%	Decrease by 13.78%	Increase by 12.46%	Increase by 12.06%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change from the previous period.

The weighted average duration of the defined benefit obligation is 15.49 years (2016 : 14.57 years).

22 SHARE CAPITAL

	PAR VALUE	NUMBER OF AUTHORISED ORDINARY SHARES	ISSUED AND PAID-UP ORDINARY SHARES	ISSUED AND PAID-UP ORDINARY SHARES	SHARE PREMIUM	TOTAL
	Baht	Shares	Shares	Baht	Baht	Baht
At 1 January 2016	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274
Issue of shares	-	-	-	-	-	-
At 31 December 2016	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274
Issue of shares	-	-	-	-	-	-
At 31 December 2017	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274

The total number of authorised ordinary shares is 4,850,000,000 shares (2016: 4,850,000,000 shares) with a par value of Baht 0.10 per share (2016: Baht 0.10 per share). All issued shares are fully paid.

23 DIVIDENDS PAID

The Board of Directors Meeting held on 9 November 2017, approved the payment of interim dividends in respect of the operating result for the year 2017 of Baht 0.15 per share (2016: Baht 0.15 per share) for 4,849,854,100 eligible ordinary shares, totalling Baht 727.48 million (2016: Baht 722.38 million). The dividends were paid to the shareholders on 7 December 2017.

At the Board of Directors Meeting of Thai Airasia Limited, a subsidiary, held on 9 November 2017, the Board of Directors approved the payment of interim dividends in respect of the retained earnings derived from activities under promotional privileges from the Board of Investment (“BOI”) as of 30 September 2017 at Baht 30.50 per share (2016: Baht 30.80 per share) for 43,555,553 ordinary shares, totalling Baht 1,328.44 million (2016: Baht 1,341.51 million). The dividends were paid to shareholders on 10 November 2017.

24 LEGAL RESERVE

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
At 1 January	48,500,000	26,510,386	48,500,000	26,510,386
Appropriation during the year	-	21,989,614	-	21,989,614
At 31 December	48,500,000	48,500,000	48,500,000	48,500,000

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

25 REVENUES FROM SALES AND SERVICES

Revenues from sales and services are as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Passenger service revenues	26,622,872,171	24,993,481,284	-	-
Baggage handling and other service fees	6,993,722,079	4,828,815,716	-	-
Charter flight revenues	1,615,185,222	1,963,343,895	-	-
In-flight revenues	469,781,529	403,129,319	-	-
Freight revenues	230,000,000	211,798,417	-	-
Management fee	-	-	25,000,000	25,000,000
Total revenues	35,931,561,001	32,400,568,631	25,000,000	25,000,000

26 EXPENSES BY NATURE

The following expenditure items, classified by nature, have been charged in arriving at the operating profit:

(Unit : Baht)

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Depreciation and amortisation	12, 13	1,450,988,887	1,182,376,187	4,300	4,300
Staff costs		5,464,551,283	4,508,779,686	5,495,267	-
Fuel costs		10,582,509,529	8,257,545,785	-	-
Aircraft and aircraft engine rental - related party	28.2	4,343,894,681	4,464,646,976	-	-
Aircraft rental - others		645,283,314	409,573,954	-	-
Repair and maintenance		2,904,050,794	2,907,840,055	-	-
Ramp and airport operating costs		4,317,966,060	3,727,582,587	-	-

27 EARNINGS PER SHARE

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Profit attributable to shareholders of the parent (Baht)	1,477,489,058	1,869,462,906	732,575,749	739,570,084
Weighted average number of paid-up ordinary shares outstanding (Shares)	4,850,000,000	4,850,000,000	4,850,000,000	4,850,000,000
Basic earnings per share (Baht)	0.3046	0.3855	0.1510	0.1525

The Group does not have dilutive ordinary shares as at 31 December 2017 and 2016.

28 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 13 June 2016, the Group changed its major shareholder from the Bijleveld family, also the Group's management, to the Srivaddhanaprabha family, the new major shareholder and management of the King Power Group. The remaining shares are widely held. The shareholding structure change caused new related party transactions: commission from sales of duty free goods, passenger service revenue and sponsorship fee paid to Leicester City Football Club because the Company and the King Power Group have the same major shareholder from 13 June 2016 onwards.

On 27 December 2017, Srivaddhanaprabha family, the major shareholders and management of King Power Group, sold their shares of 1,761,588,286 of shares back to the former shareholder, Khun Tassapon Bijleveld who is the Group's management. The shareholder structure change caused the transactions between King Power Group and the Group are no longer related party transaction.

For reporting purposes, AirAsia Berhad, who holds 45% of the Company's shares, AirAsia Berhad's related parties and King Power Group are referred as the other related parties.

The following significant transactions were carried out with related parties:

28.1 Income

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Other related parties				
Interest income	4,880,615	13,236,477	-	-
Other administrative fees	38,302,523	40,179,762	-	-
Commission from loyalty program to customer	55,609,886	35,652,753	-	-
Commission from sales of duty free goods	16,353,146	4,535,865	-	-
Passenger service revenues	13,008,949	542,641	-	-
Advertising revenue	55,968,526	-	-	-
Subsidiary				
Management fee	-	-	25,000,000	25,000,000
Dividend income	-	-	730,644,367	737,831,032

28 RELATED PARTY TRANSACTIONS (CONT'D)

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

28.2 Purchases of goods, services and expenses

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Other related parties				
Share of (gain) loss from fuel price swap agreements	(628,711,602)	312,271,224	-	-
Share of staff costs for accounting and other services	72,605,731	36,699,725	-	-
Aircraft and aircraft engine rental	4,343,894,681	4,464,646,976	-	-
Aircraft repair and maintenance	2,111,957,007	2,075,044,788	-	-
Purchases of merchandises and equipment	24,813,993	94,646,211	-	-
Management fee expenses	14,955,656	17,012,300	-	-
Booking fee expenses	177,717,742	161,996,712	-	-
Pilot training expenses	88,876,284	140,718,558	-	-
Brand license fee expenses	548,113,485	329,957,862	-	-
Expenses for loyalty program to customer	55,609,886	35,652,753	-	-
Sponsorship fee paid to Leicester City Football Club	39,858,330	31,788,130	-	-
Sponsorship fee paid to King Power Foundation	5,000,000	-	-	-
Sponsorship fee paid to Thailand Polo Association	2,500,000	-	-	-
Ground handling services	(32,749,632)	-	-	-
Security service	11,239,307	-	-	-
Expenses for room services and meeting room services	435,852	-	-	-

28.3 Management remuneration

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Salaries and other short-term employee benefits	142,343,195	123,976,996	11,617,500	11,017,500
Retirement benefits	6,373,889	5,122,690	-	-
	<u>148,717,084</u>	<u>129,099,686</u>	<u>11,617,500</u>	<u>11,017,500</u>

28 RELATED PARTY TRANSACTIONS (CONT'D)

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

28.4 Amounts due from related parties

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Other related parties	944,932,122	804,788,351	119,558	-
Subsidiary	-	-	-	6,687,500
	<u>944,932,122</u>	<u>804,788,351</u>	<u>119,558</u>	<u>6,687,500</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).

28.5 Aircraft maintenance reserves

AirAsia Berhad, a related party, had entered into an Aircraft maintenance services agreement with the Group. Under this agreement, the Group 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. Aircraft maintenance reserves will be transferred to aircraft upon actual overhaul occur.

Movements in Aircraft maintenance reserves for the year ended 31 December are analysed as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Opening book amount	2,665,543,653	1,066,380,311	-	-
Addition	986,720,548	1,599,163,342	-	-
Transfer out to aircraft	-	-	-	-
Closing book amount	<u>3,652,264,201</u>	<u>2,665,543,653</u>	<u>-</u>	<u>-</u>

As at 31 December 2017, the Group had commitment from an Aircraft maintenance services agreement amounting to US Dollars 2,331,194 (as at 31 December 2016: US Dollars 4,742,878).

28 RELATED PARTY TRANSACTIONS (CONT'D)

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

28.6 Other non-current assets

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Other related parties				
Aircraft and aircraft engine rental deposits	657,120,066	741,346,452	-	-
Fuel price swap deposit	16,257,300	17,829,400	-	-
	<u>673,377,366</u>	<u>759,175,852</u>	<u>-</u>	<u>-</u>

As at 31 December 2017, other non-current assets comprise aircraft rental deposits and fuel price swap deposit of US Dollars 20.21 million and US Dollars 0.50 million, respectively (2016: US Dollars 20.79 million and US Dollars 0.50 million).

28.7 Amounts due to related parties

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Other related parties	<u>170,092,214</u>	<u>430,781,485</u>	<u>-</u>	<u>-</u>

29 COMMITMENTS

Operating lease commitments

As at 31 December, the Group had outstanding commitments in respect of the non-cancellable office leases and others as follows:

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Within 1 year	143,864,226	28,610,722	-	-
Later than 1 year but not later than 5 years	6,483,665	26,792,147	-	-
Total	<u>150,347,891</u>	<u>55,402,869</u>	<u>-</u>	<u>-</u>

29 COMMITMENTS (CONT'D)

Operating lease commitments (Cont'd)

As at 31 December, the Group had the future aggregate minimum lease payments in respect of non-cancellable operating aircraft lease agreements made with AirAsia (Mauritius) Limited, which is a related company, and other third party lessors, and insurance agreements of aircraft and aircraft engines as follows:

(Unit : US Dollars)

	CONSOLIDATED FINANCIAL STATEMENTS			
	2017		2016	
	Rental	Insurance agreement	Rental	Insurance agreement
Within 1 year	146,254,409	1,731,785	141,613,445	1,668,900
Later than 1 year but not later than 5 years	450,960,870	-	500,694,439	-
Later than 5 years	154,582,432	-	189,148,559	-
Total	<u>751,797,711</u>	<u>1,731,785</u>	<u>831,456,443</u>	<u>1,668,900</u>

30 GUARANTEES

As at 31 December 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 86.12 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 Group can fully reclaim the stated liabilities from the pilot trainees' guarantors, who have pledged guarantees with the Group

31 LETTERS OF GUARANTEE

The Group 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:

	CONSOLIDATED FINANCIAL STATEMENTS									
	2017					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	0.60	1.00	1.81	83.36	7.90	0.09	1.00	1.81	57.42
Guarantees relating to maintenance reserve fund	-	42.23	-	-	-	-	38.78	-	-	-
Total	<u>7.90</u>	<u>42.83</u>	<u>1.00</u>	<u>1.81</u>	<u>83.36</u>	<u>7.90</u>	<u>38.87</u>	<u>1.00</u>	<u>1.81</u>	<u>57.42</u>

31 LETTERS OF GUARANTEE (CONT'D)

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

	CONSOLIDATED FINANCIAL STATEMENTS									
	2017					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
Saving account	-	-	-	-	-	-	-	-	-	-
Current account	-	-	-	-	-	-	-	-	-	3.30
Total	-	-	-	-	-	-	-	-	-	3.30

32 PROMOTIONAL PRIVILEGES

On 13 March 2013, a subsidiary 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 Group started earning income from the promotes activities (commencing from 26 April 2013). To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates. The conditions are that the subsidiary’s authorised and paid-up share capital is not less than Baht 435.50 million. As at 30 September 2017, the subsidiary had received all 24 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2016: 23 aircraft).

In addition, during the year ended 2017, a subsidiary further received three certificates of promotional privileges from the Board of Investment (“BOI”) for two aircraft each certificate and the subsidiary had received five 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 subsidiary started earning income from the promotes activities (commencing from 30 March 2017, 12 November 2017 and 2 January 2018 respectively). To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates. The conditions are that the subsidiary’s authorised and paid-up share capital is not less than Baht 435.50 million.

33 EVENTS AFTER THE REPORTING PERIOD

Thai AirAsia Company Limited its subsidiary accepted the delivery of two additional airbus A320-251N aircraft on 9 January 2018 and 6 February 2018, respectively. The expansion of the subsidiary’s fleet is to support the launch of new routes and increase the frequency of flights on the subsidiary’s existing routes. This aircraft is acquired under operating lease agreement for period of 12 years.

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