

AirAsia

ASIA AVIATION
Public Company Limited 



ANNUAL REPORT 2015

รายงานประจำปี 2558

GENERAL INFORMATION

COMPANY NAME	ชื่อบริษัท
Asia Aviation Public Company Limited (AAV)	บริษัท เอเชีย เอวิเอชั่น จำกัด (มหาชน) (ชื่อย่อ "AAV")
TYPE OF BUSINESS	ประเภทธุรกิจ
A holding company investing in business of low-cost airline or relevant business in relation to airline operation	ประกอบธุรกิจด้านการลงทุนโดยการถือหุ้นในบริษัท (Holding Company) ที่ประกอบธุรกิจสายการบิน ราคาประหยัด หรือธุรกิจอื่นที่เกี่ยวข้องกับสายการบิน
CORPORATE GOVERNANCE SCORING	คะแนนการกำกับดูแลกิจการ
Very Good	ดีมาก
HEAD OFFICE	ที่ตั้งสำนักงานใหญ่
222, Don Mueang International Airport, 3rd Fl., Central Office Bldg., Room no. 3200, Vibhavadee Rangsit Road, Don Mueang, Bangkok 10210 Tel : 02-562-5700 Fax : 02-562-5705 Website : www.aavplc.com	222 ท่าอากาศยานดอนเมือง อาคารส่วนกลาง ชั้น 3 ห้องหมายเลข 3200 ถนนวิภาวดีรังสิต แขวงสนามบิน เขตดอนเมือง กรุงเทพฯ 10210 โทรศัพท์ : 02-562-5700 โทรสาร : 02-562-5705 เว็บไซต์ : www.aavplc.com
REGISTRATION NUMBER	เลขทะเบียนบริษัท
0107554000313	0107554000313
AUTHORIZED AND PAID-UP CAPITAL	ทุนจดทะเบียนและทุนที่ออกและชำระแล้ว
as at December 31, 2015 Common stock of 4,850,000,000 shares at the par value of Baht 0.10 amounted Baht 485,000,000	ณ วันที่ 31 ธันวาคม 2558 หุ้นสามัญ จำนวน 4,850,000,000 หุ้น มูลค่าที่ตราไว้หุ้นละ 0.10 บาท รวมมูลค่า 485,000,000 บาท
SUBSIDIARY NAME	ชื่อบุคลากรของบริษัทย่อย
Thai AirAsia Company Limited	บริษัท ไทยแอร์เอเชีย จำกัด
TYPE OF BUSINESS	ประเภทธุรกิจ
A low-cost airline or relevant business in relation to airline operation	ประกอบธุรกิจสายการบินราคาประหยัด หรือธุรกิจอื่นที่เกี่ยวข้องกับสายการบิน
HEAD OFFICE	ที่ตั้งสำนักงานใหญ่
222, Don Mueang International Airport, 3 rd Fl., Central Office Bldg., Room no. 3200, Vibhavadee Rangsit Road, Don Mueang, Bangkok 10210 Tel : 02-562-5700 Fax : 02-562-5705	222 ท่าอากาศยานดอนเมือง อาคารส่วนกลาง ชั้น 3 ห้องหมายเลข 3200 ถนนวิภาวดีรังสิต แขวงสนามบิน เขตดอนเมือง กรุงเทพฯ 10210 โทรศัพท์ : 02-562-5700 โทรสาร : 02-562-5705
AUTHORIZED AND PAID-UP CAPITAL	ทุนจดทะเบียนและทุนที่ออกและชำระแล้ว
as at December 31, 2015 Common stock of 43,555,560 shares at the par value of Baht 10 amounted Baht 435,555,600	ณ วันที่ 31 ธันวาคม 2558 หุ้นสามัญจำนวน 43,555,560 หุ้น มูลค่าที่ตราไว้หุ้นละ 10 บาท รวมมูลค่า 435,555,600 บาท
SHAREHOLDING	สัดส่วนการถือหุ้น
55.0%	55.0%
REGISTRAR	นายทะเบียนหลักทรัพย์
Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Tel : 02-009-9999 Fax : 02-009-9991 Website : www.tsd.co.th	บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด อาคารตลาดหลักทรัพย์แห่งประเทศไทย 93 ถนนรัชดาภิเษก เขตดินแดง กรุงเทพฯ 10400 โทรศัพท์ : 02-009-9999 โทรสาร : 02-009-9991 เว็บไซต์ : www.tsd.co.th
AUDITOR	ผู้สอบบัญชี
PricewaterhouseCoopers ABAS Ltd. 15 th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Tel : 02-286-9999, 02-344-1000 Fax : 02-286-5050 Website : www.pwc.com/th	บริษัท ไพริชวอเตอร์เฮาส์คูเปอร์ส เอบีเอส จำกัด ชั้น 15 บางกอกซิตีทาวเวอร์ 179/74-80 ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพฯ 10120 โทรศัพท์ : 02-286-9999, 02-344-1000 โทรสาร : 02-286-5050 เว็บไซต์ : 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"
อนึ่ง "ผู้ลงทุนสามารถศึกษาข้อมูลของบริษัทที่ออกหลักทรัพย์เพิ่มเติมได้จากแบบแสดงรายการข้อมูลประจำปี (แบบ 56-1) ของบริษัท
ที่แสดงไว้ใน www.sec.or.th หรือ "www.aavplc.com"



WORLD'S BEST
LOW COST
AIRLINE FOR
7 YEARS
STRAIGHT

PASSENGER CARRIED

77 MILLION
OVER 12 YEARS

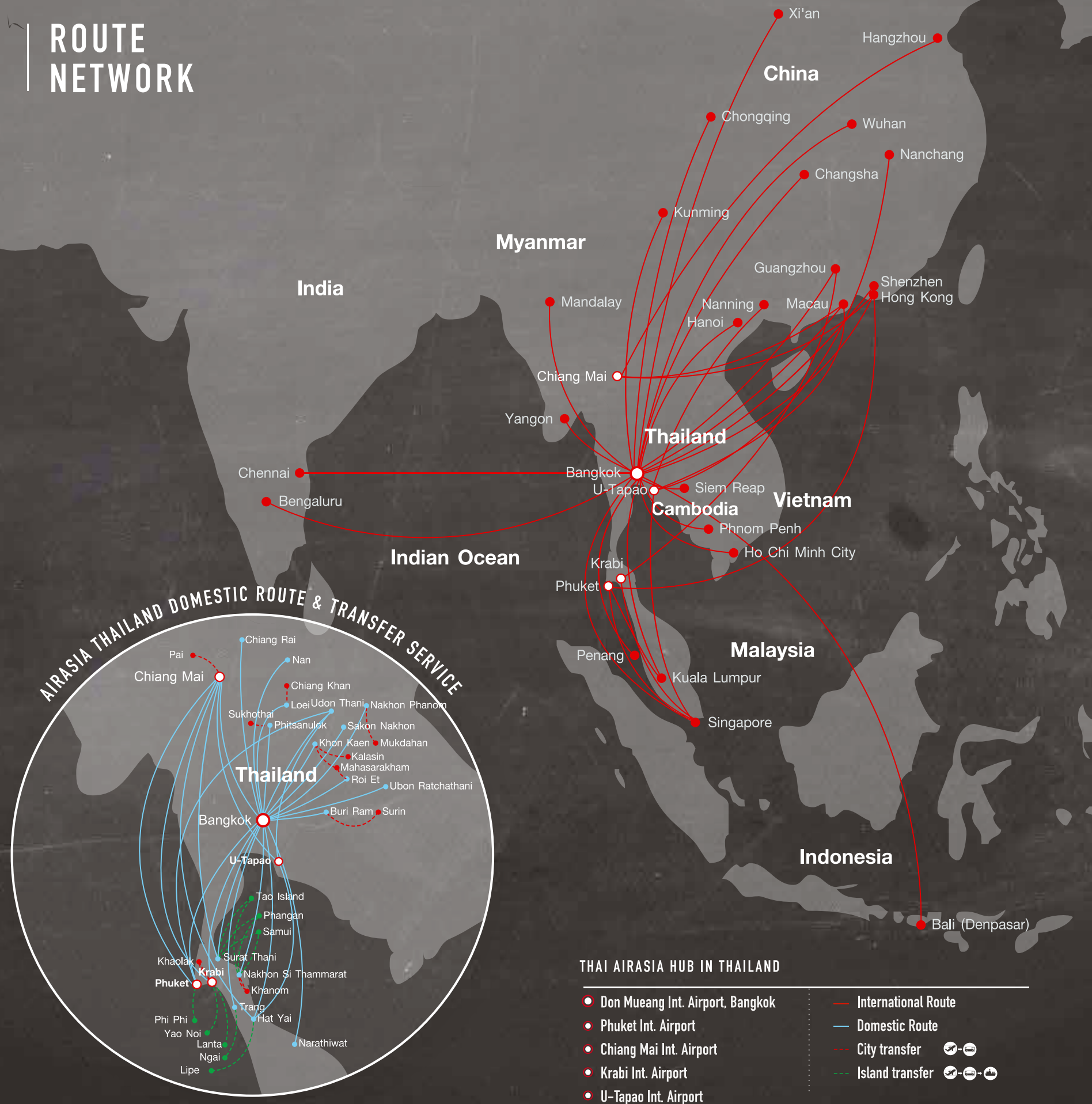


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No.

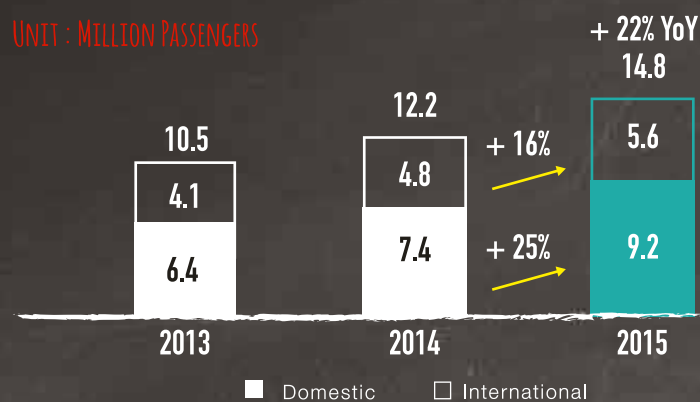
LOW FARE AIRLINE OF THAILAND

ROUTE NETWORK

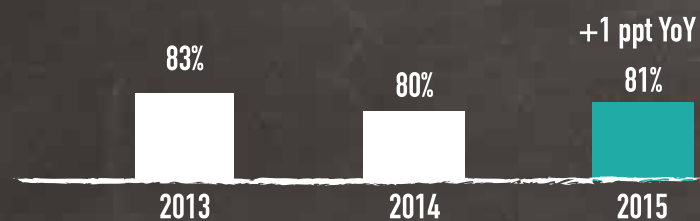


GROWING PASSENGERS CARRIED

UNIT : MILLION PASSENGERS



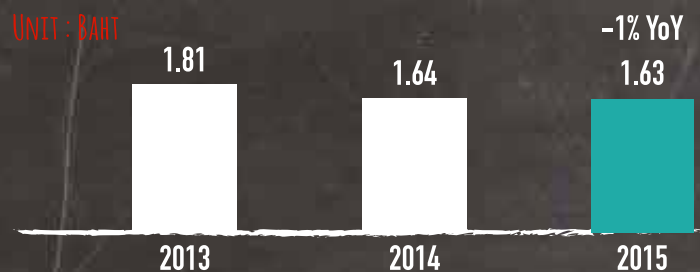
SOLID LOAD FACTOR



Remark : Represents the number of passengers carried as a proportion to capacity, which is the number of seats available for passengers

REVENUE PER ASK (RASK)

UNIT : BAHT



Remark : Calculated as Thai AirAsia's revenues divided by ASK

COST PER ASK (CASK)

UNIT : BAHT



Remark : Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) divided by ASK

FINANCIAL POSITION

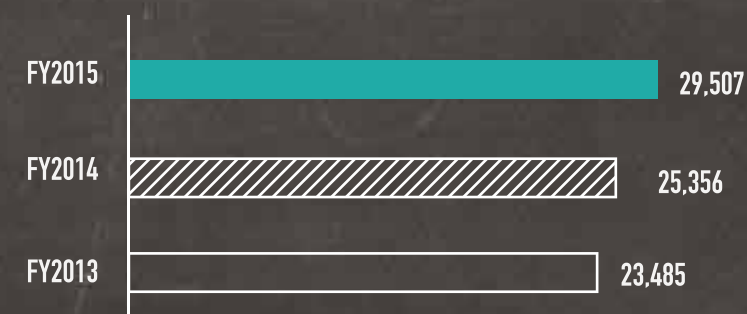
UNIT : MILLION BAHT

	2013	2014	2015
Total assets	44,935	49,502	52,826
Total liabilities	18,260	22,486	24,743
Equity attributable to owners of the parent	19,346	19,534	20,142
Total shareholders' equity	26,675	27,016	28,083

FINANCIAL HIGHLIGHTS

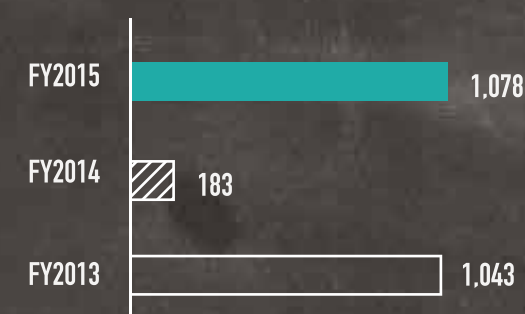
TOTAL REVENUES

UNIT : MILLION BAHT

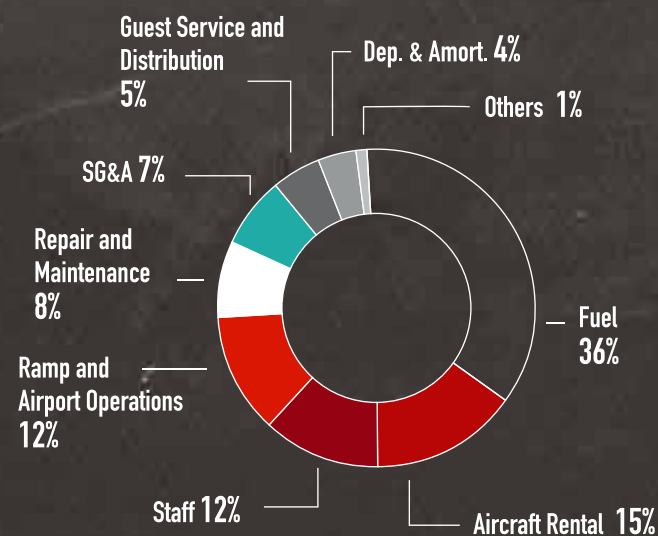


NET PROFIT

UNIT : MILLION BAHT



2015 COST BREAKDOWN

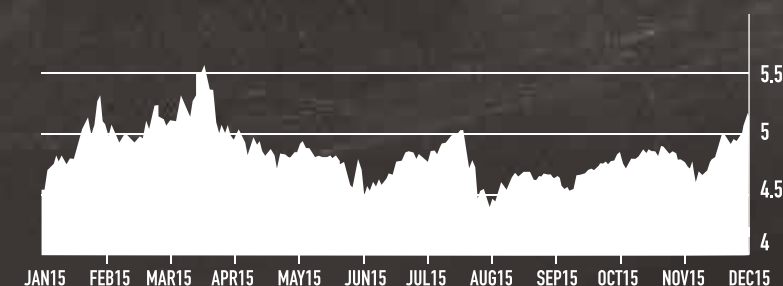


STOCK INFORMATION

ASIA AVIATION PUBLIC COMPANY LIMITED

AAV 5.25
AS OF DECEMBER 30, 2015

4.08-5.85
52 WEEKS' RANGE



Asia Aviation Public Company Limited is listed on the Stock Exchange of Thailand (SET).

FINANCIAL HIGHLIGHTS

UNIT: MILLION BAHT

	2013	2014	2015
Statement of comprehensive income			
Revenues from sales and services	23,485	25,356	29,507
Net profit	1,908	331	1,958
Net profit attributable to owners of the parent	1,043	183	1,078
Statement of financial position			
Total assets	44,935	49,502	52,826
Total liabilities	18,260	22,486	24,743
Equity attributable to owners of the parent	19,346	19,534	20,142
Total shareholders' equity	26,675	27,016	28,083
Statement of cash flows			
Net cash generated from (used in) operating activities	4,020	1,849	3,007
Net cash generated from (used in) investing activities	(5,565)	2,025	883
Net cash generated from (used in) financing activities	(436)	(1,031)	(2,529)
Net increase (decrease) in cash and cash equivalents	(1,982)	2,844	1,361
Key financial ratios			
Net profit margin (%) ⁽¹⁾	4.4	0.7	3.7
Return on assets (%) ⁽²⁾	2.6	0.4	2.1
Return on equity (%) ⁽³⁾	5.5	0.9	5.4
Basic earnings per share (Baht)	0.22	0.04	0.22

1) Net profit margin = Net profit attributable to owners of the parent / Revenues

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

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

OPERATING DATA

UNIT: MILLION BAHT

For the year ended 31 December	2013	2014	2015
Capacity (million seats)	12.6	15.3	18.2
Passenger carried (million)	10.5	12.2	14.8
Load factor (%) ⁽¹⁾	83	80	81
ASK (million) ⁽²⁾	12,951	15,419	18,116
RPK (million) ⁽³⁾	10,829	12,420	14,872
Average fare (Baht) ⁽⁴⁾	1,885	1,726	1,667
Revenue per ASK (Baht) ⁽⁵⁾	1.81	1.64	1.63
Cost per ASK (Baht) ⁽⁶⁾	1.67	1.66	1.53
Cost per ASK (non-fuel) (Baht) ⁽⁷⁾	0.95	0.93	0.98
Number of aircraft at period end	35	40	45
Number of stages flown	70,149	85,074	101,231
International	28,637	33,883	38,753
Domestic	41,512	51,191	62,478
Average stage length (kilometer) ⁽⁸⁾	1,026	1,008	995
Aircraft utilization (block hours per day) ⁽⁹⁾	11.7	10.9	11.5
Ancillary revenue (Baht million)	3,759	4,385	4,852
Ancillary revenue per passenger (Baht)	358	359	327
Fuel consumption (million barrel)	2.34	2.72	3.31
Company's average market jet fuel price (USD per barrel) ⁽¹⁰⁾	122.8	116.5	67.5
On time performance (%) ⁽¹¹⁾	92	91	87

1) Represents the number of passengers carried as a proportion to capacity, which is the number of seats available for passengers (180 seats for Airbus A320)

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 those 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.

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FLY ON-TIME

Through skilled staff and efficient management, Thai AirAsia has been able to maintain a world-ranked on-time record



TURNAROUND TIME
WITHIN 25 MINUTES



RANK 8TH OF THE WORLD'S
LCC OTP SERVICE



EFFICIENT MANAGEMENT



SAFETY ASSURED

With “safety” as the utmost priority, we are always training our staff in the latest international aviation standards to ensure the confidence of our passengers on every flight



CONSTANT TRAINING



STRICT SAFETY MEASURES



ADHERENCE TO
INTERNATIONAL STANDARDS



EXTENSIVE NETWORK

Standing distinct with an expansive network of routes both domestic and international, Thai AirAsia is ready to connect you to ASEAN, China, India and the many more destinations offered by the AirAsia Group



MORE THAN 100
DESTINATIONS



5 DOMESTIC HUBS



1,019 FLIGHTS WEEKLY

ENJOY FLIGHT



MESSAGE FROM CHAIRMAN

ARAK CHONLATANON, CHAIRMAN OF THE BOARD

“TRULY LOW FARES, TRUSTED QUALITY” IS OUR KEY FACTOR
AND KEY MESSAGE IN 2015, THAT DIFFERENTIATE US FROM
OUR COMPETITORS.

THAI AIRASIA
WOULD ALSO OFFER
SUPERLATIVE SERVICE
IN ALL ASPECTS, FROM
BEING ON-TIME AND
CARING ABOUT SAFETY
TO PROVIDING AN
EXTENSIVE NETWORK.

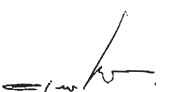
In 2015, saw the aviation industry expand rapidly and competition within the sector become fierce. For Thai AirAsia to maintain a strong leadership in the industry, it had to take a distinct stance, which lead to us expanding on the concept of “Truly Low Fares, Trusted Quality”. This meant that on top of being an airline that offers low fare flights, Thai AirAsia would also offer superlative service in all aspects, from being on-time and caring about safety to providing an extensive route network. The strategy proved effective and “Truly Low Fares, Trusted Quality” became a strength that allowed us to stay ahead of our competitors.

The most important factor of “Truly Low Fares, Trusted Quality” services is well-organised of management team, which is reflected to impressive response from customers. Our staff continued to work very hard this year and constantly setting new standards in quality service. Thai AirAsia continued to be the airline with the best on-time performance in Thailand and in the region according to FlightStats, an achievement we communicated to our customers and that has become a major reason for their continued loyalty to Thai AirAsia.

Our care for safety, which is the utmost priority on every flight, has led to constant and continual training of personnel in every division. I view this as a reasonable long term investment as it gives Thai AirAsia a strong foundation for continued service.

For our “extensive route network”, this year has been especially exciting with new routes launched throughout the year in response to continual growth. I am particularly proud in our latest step to create new business opportunities by opening our 5th hub at U-Tapao Airport (Pattaya) after Don Mueang, Phuket, Chiang Mai and Krabi. U-Tapao Airport has been well received and fully supported by both local and private sectors, which allowed our new routes at U-Tapao Airport to grow rapidly.

“Truly Low Fares, Trusted Quality” is our key factor and key message in 2015, that differentiate us from our competitors. I thank all of our executives and staffs on their hard work leading us to grow and achieved our target this year and their continue support in 2016.



Arak Chonlatanon
Chairman of the Board





MESSAGE FROM CHIEF EXECUTIVE OFFICER

MR. TASSAPON BIJLEVELD, CHIEF EXECUTIVE OFFICER

OUR CHALLENGE AND OPPORTUNITY IN THE MIDDLE OF HIGH COMPETITION IS
ESTABLISHING OUR STRONG POINT, DIFFERENTIATE FROM OUR PEERS AND
FIND NEW OPPORTUNITIES FOR OURSELVES.

In 2015, Thailand's tourism sector and economy return to robust growth with political stability and there is no long term negative factors impact to tourism industry together with significant decline of global fuel prices. This year was another great year with great performance of Thai AirAsia, total number of passengers carried was at 14.8 million which is higher than our target. Total 5 of A320 are being delivered throughout the year reach to 45 aircraft at the end of 2015.

Our Challenge and Opportunity in the middle of high competition is establishing our strong point, differentiate from our peers and find new opportunities for ourselves. Thai AirAsia opened its 5th flight hub last year at U-Tapao Airport (Pattaya) with 7 routes; flying to Chiang Mai, Udon Thani, Hat Yai, Nanning, Nanchang, Singapore and Macau. This allowed us to enter the Eastern Region market, a location with great potential both in terms of readiness and a well-established tourism industry. The launch was a success and achieved our key target of staying ahead of our competitors, solidifying our ability to distinguish ourselves and grow in every situation.

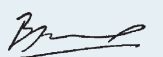
In terms of our service standards for 2015, we continued to hold the trust

WE HERE AT THAI AIRASIA BEGAN THE YEAR WITH DETERMINATION AND DILIGENCE AS THE ASEAN ECONOMIC COMMUNITY WAS FINALLY FORMED. THE INTEGRATION HAS BEEN A BOON TO US AS THE CARRIER WITH THE MOST COMPLETE NETWORK OF DESTINATIONS IN THE REGION.

of our customers. AirAsia received votes from across the world to take the distinction of World's Best Low Cost Airline for a 7th year in a row (2009-2015) from Skytrax and took the "Best of Airline" award from Chinese voters on the popular website Weibo in a Tourism Authority of Thailand organized ranking, along with numerous other awards from various institutions throughout the year. Such accolades have given us pride and driven us to continue to better ourselves, to repay all those who believe in us.

For 2016, we here at Thai AirAsia began the year with determination and diligence as the ASEAN Economic Community was finally formed. The integration has been a boon to us as the carrier with the most complete

network of destinations in the region. In the first quarter, we continually launched new routes, including our first from Bangkok to Lao PDR's Luang Prabang and Kochi (India). We also added Phuket-Wuhan, Chiang Mai-Khon Kaen and Khon Kaen-Hat Yai while opening our 6th flight base in Hat Yai offering direct flights to Chiang Rai and Johor Bahru. We believe that 2016 will be another wonderful year for us and we will not stop looking for new business opportunities as that has been what has kept Thai AirAsia a leader amongst low fare airlines.



Mr. Tassapon Bijleveld
Chief Executive Officer

BOARD OF DIRECTORS

ASIA AVIATION PUBLIC COMPANY LIMITED

1. MR. ARAK CHONLATANON

Chairman of the Board/ Chairman of the Audit Committee/ Independent Director

2. MR. DISTORN VAJARODAYA

Director/ Audit Committee/ Independent Director

3. MR. NUTTAWUT PHOWBOROM

Director/ Audit Committee/ Independent Director

4. MR. TASSAPON BIJLEVELD

Director/ Chief Executive Officer

5. MRS. PATTRA BOOSARAWONGSE

Director/ Chief Financial Officer

6. CAPTAIN TANAPAT NGAMPLANG

Director/ Director of Flight Operations

7. MR. PREECHAYA RASAMETANIN

Director/ Director of Engineering

8. M.L. BOVORNOVADEP DEVAKULA

Director/ Director of Business Development

9. MR. SANTISUK KLONGCHAIYA

Director/ Director of Commercial



BOARD OF DIRECTOR

THAI AIRASIA COMPANY LIMITED

1. MR. ARAK CHONLATANON

Chairman of the Board /
Chairman of the Audit Committee/
Independent Director

2. MR. NUTTAWUT PHOWBOROM

Director/ Audit Committee/ Independent Director

3. TAN SRI DR. ANTHONY FRANCIS FERNANDES

Director

4. DATO KAMARUDIN BIN MERANUN

Director



1



2



3

5. MR. TASSAPON BIJLEVELD

Director/ Chief Executive Officer

6. MRS. PATTRA BOOSARAWONGSE

Director/ Chief Financial Officer

7. MR. SANTISUK KLONGCHAIYA

Director



4



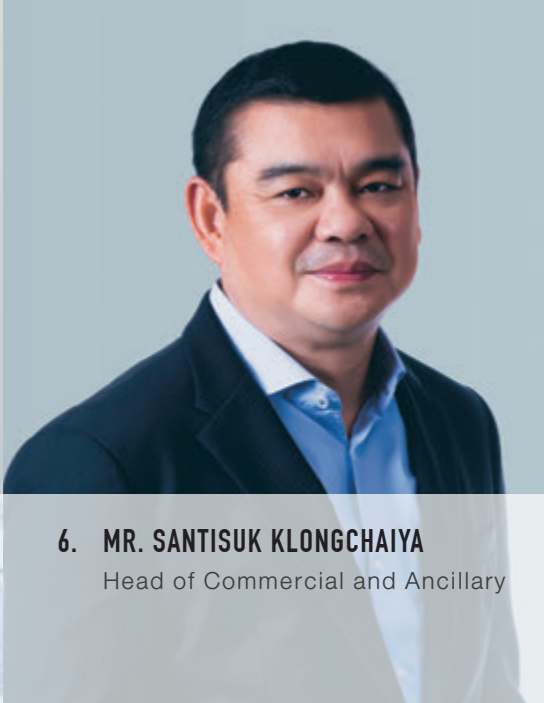
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7



1. MR. TASSAPON BIJLEVELD
Chief Executive Officer

2. CAPTAIN TANAPAT NGAMPLANG
Executive Vice President

3. MR. PREECHAYA RASAMETANIN
Executive Vice President

4. MRS. PATTRA BOOSARAWONGSE
Chief Financial Officer

5. M.L. BOVORNOVADEP DEVAKULA
Head of Business Development

6. MR. SANTISUK KLONGCHAIYA
Head of Commercial and Ancillary

MANAGEMENT TEAM

THAI AIRASIA COMPANY LIMITED



7. CAPTAIN SURAPUN PATOOMWAT
Head of Flight Operations

8. MR. BANYAT HANSAKUL
Head of Engineering

9. MRS. THILADEE PANTUMCHINDA
Head of People Department

10. MR. SUWIT SRISARAKAM
Head of Ramp and Ground
Service Equipment

11. MISS WITCHUNEE KUNTAPENG
Head of Guest Service

12. MR. PIPAT KHUNPRAKAN
Head of Innovation Commercial
and Technology

2015 PUBLIC RELATIONS ACTIVITIES



AIRASIA INAUGURATES FLIGHTS FROM DON MUEANG TO

3 DESTINATIONS; NAN, LOEI, AND ROI ET,

READY TO LAUNCH BURI RAM FLIGHT

February - Thai AirAsia inaugurated 3 flights simultaneously, from Don Mueang to Nan, Loei and Roi Et, this 9 February while announcing newest network addition "Don Mueang-Buri Ram".

THAI AIRASIA SIGNS AIRCRAFT SERVICING DEAL WITH THAI AVIATION INDUSTRIES CO. LTD. (TAI)

April - Thai AirAsia and TAI have signed a deal for aircraft servicing over the next 5 years to 2020.

NEW ROUTE TO SOUTH INDIA "DON MUEANG-BENGALURU"

June - Thai AirAsia launches 5 weekly direct flights to South India with "Bangkok-Bengaluru", flying travelers to a city at the forefront of technology, medicine and education.



THAI AIRASIA VOTED "BEST OF AIRLINE" BY CHINESE NETIZENS

June - Thai AirAsia has been voted "Best of Airline" in the Best of Thailand Awards Voted by Chinese Tourists, organized by the Tourism Authority of Thailand (TAT).

THAI AIRASIA ESTABLISHES 5TH FLIGHT HUB AT "U-TAPAO AIRPORT" FINDS NEW OPPORTUNITIES IN EASTERN TOURISM MARKET

August - Thai AirAsia enters the eastern region market ahead of the pack by establishing U-Tapao Airport as its 5th hub with 7 flights introduced in 2015 from U-Tapao to Nanning, Nanchang (China), Macau, Singapore, Udon Thani, Chiang Mai and Hat Yai.



AIRASIA JOINS WITH TAT TO ORGANIZE THAILAND SHOPPING PARADISE ROAD SHOW TO ATTRACT CHINESE SHOPPERS TO THAILAND DURING THE GREEN SEASON

NADECH KUGIMIYA TO COMMUNICATE “TRULY LOW FARES, TRUSTED QUALITY”

BRAND MESSAGE HIGHLIGHTING ON-TIME RECORD,
SAFETY STANDARDS AND EXPANSIVE NETWORK

September - Thai AirAsia announces popular actor “Nadech Kugimiya” will continue as its presenter with new commercial series “AirAsia: Truly Low Fares, Trusted Quality” affirming its 3 strengths: on-time record, safety standards and excellency connectivity.

AIRASIA OPENS NEW TRAVEL AND SERVICE CENTRE AT GIMYONG MARKET, HAT YAI

October - Thai AirAsia finds auspicious occasion to open new AirAsia Travel & Service Centre (ATSC) near the travel and residential area of Gimyong Market in Hat Yai. The centre will handle group bookings and additional services such as baggage allowance, seat selection and in-flight meals.



KRABI: TOURISM INVESTMENT DIMENSIONS BECOMING THE SOUTH'S ECONOMIC CENTRE

Thai AirAsia joined with CIMB Thai to hold a seminar for public and private bodies as well as business operators to discuss developing Krabi as a natural tourism destination. The gathering also discussed building on AirAsia's flight hub in Krabi.



AIRASIA INTRODUCES NEW PRODUCTS,
“AIRASIA ASEAN PASS” AND
“AIRASIA ASEAN PASS PLUS”
TO STIMULATE ASEAN REGION TRAVEL. THE
CARDS OFFER CREDITS THAT CAN BE USED
FOR TRAVEL WITH ANY AIRASIA CARRIER
BOTH DOMESTICALLY AND THROUGHOUT ASEAN.

AIRASIA TAKES THE WORLD'S BEST LOW COST AIRLINE AWARD FOR THE 7TH YEAR IN A ROW! WORLD-CLASS LOW COST



FLYING NOW! 4 NEW ROUTES FROM U-TAPAO TO CHIANG MAI, UDON THANI, SINGAPORE AND MACAU

November - Thai AirAsia inaugurates 4 new routes on 27 November, flying from U-Tapao Airport to Chiang Mai, Udon Thani, Singapore and Macau, all with Load Factor averages above 80%. The airline is confident U-Tapao Airport can provide convenience to passengers and has received strong support in utilizing it both from Pattaya City and the Tourism Authority of Thailand's Eastern Office.

YOUNG THAI ATHLETES CHOSEN TO TRAIN WITH QPR IN UK

December - Thai AirAsia, as main sponsor of the English Football League team, Queens Park Rangers Football Club (QPR), selected two 15-16 year old athletes to travel to the UK and train at the QPR camp in early 2016 alongside other young athletes from Malaysia, Singapore and China.



2015 INVESTOR RELATIONS ACTIVITIES

JANUARY 19-20, 2015

Thai Corp Date with
Bualuang Securities

Venue : Hong Kong
and Singapore

JANUARY 21, 2015

Day with Executive
Management

Venue : The St. Regis
Hotel, Bangkok

JANUARY 27, 2015

SET Thai Corporate
Day 2015

Venue : Four Seasons
Hotel, Bangkok

FEBRUARY 05, 2015

J.P. MORGAN'S THAILAND CONFERENCE 2015

Venue : The Sukhothai, Bangkok

FEBRUARY 17, 2015

Tourism Day with SCBS

Venue : Four Seasons, Bangkok

FEBRUARY 25, 2015

The Q4/2014 and FY2014 Results Announcement

FEBRUARY 26, 2015

Analyst Meeting FY2014

Venue : Grand Hyatt Erawan Hotel, Bangkok

MARCH 11, 2015

CLSA Asean Forum 2015 in Bangkok

Venue : Grand Hyatt Erawan Hotel, Bangkok



APRIL 24, 2015

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Venue : Miracle Grand, Bangkok



MARCH 23-24, 2015

Credit Suisse 18th
Asian Investment
Conference

Venue : Conrad Hotel,
Hong Kong

APRIL 21, 2015

AAV-Open House
Venue : 1101 Room
(11th Fl.) at The Stock

Exchange of Thailand
Building, Bangkok

MAY 13, 2015

The Q1/2015 Results
Announcement

MAY 14, 2015

Analyst Meeting Q1/2015

Venue : Renaissance Bangkok Ratchaprasong
Hotel

MAY 18-19, 2015

DbAccess 2015

Venue : MBS, Singapore

JUNE 16-18, 2015

NON-Deal Roadshow
in USA

Venue : Chicago and
San Francisco, USA

JULY 2-3, 2015

SET & Nomura Thailand
Corporate Day

Venue : Nomura
Securities office,
Tokyo

AUGUST 13, 2015

The Q2/2015 Results
Announcement

AUGUST 21, 2015

DBS Vickers Site Visit
Venue : AAV Head
Office

AUGUST 24-25, 2015

ASEAN Conference
with Macquarie
Venue : Singapore

SEPTEMBER 16-17, 2015

CLSA Forum 2015
Venue : Hyatt Hotel,
Hong Kong



SEPTEMBER 29, 2015

BLS NON-DEAL ROADSHOW

Venue : Bualuang Investment Station, Bangkok



OCTOBER 20, 2015

THAI TOURISM DAY WITH SCBS

Venue : Grand Hyatt Erawan Hotel, Bangkok

AUGUST 14, 2015

ANALYST MEETING Q2/2015

Venue : Grand Hyatt Erawan Hotel,
Bangkok



NOVEMBER 11, 2015

The Q3/2015 Results Announcement

NOVEMBER 12, 2015

Analyst Meeting Q3/2015

Venue : Renaissance Bangkok
Ratchaprasong Hotel

NOVEMBER 12, 2015

Morgan Stanley 2nd Annual Thailand
Entrepreneur Trip

Venue : The Okura Prestige, Bangkok

NOVEMBER 19, 2015

Opportunity Day in "SET in the City"

Venue : Paragon Hall, Bangkok

DECEMBER 2, 2015

Thailand Focus 2015

Venue : Grand Hyatt Erawan Hotel, Bangkok



DECEMBER 17, 2015

SCBS Infinite Wealth Program: Site Visit

Venue : AAV Head Office

COMPANY POLICY AND BUSINESS OVERVIEW



VISION

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



MISSION

We are Thailand first true low fare airline which operate at the lowest cost in the industry to revolutionize 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.

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-cost carrier (LCC) with the vision of being leading low fare airline in the region. Providing to guest low fare, quality service, safety and reliability we serve without compromising our level of service. Beside, we have mission to operate cost efficiency in order to revolutionize 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 and Pattaya (U-Tapao International Airport). This gives us access 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 travelers by primarily considering of fare price and on-time performance.

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

BACKGROUND

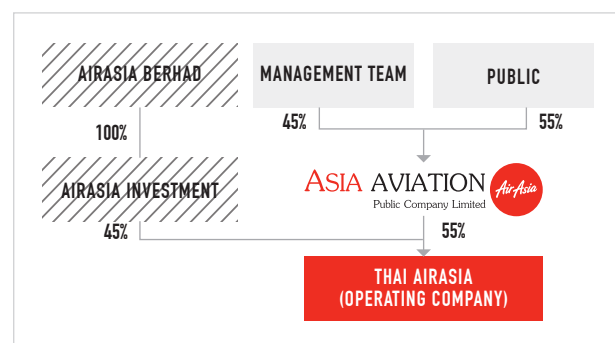
Asia Aviation was incorporated on February 14, 2006 as a company limited with a registered capital of Baht 410,000,000, being common shares of 41,000,000 shares at the par value of Baht 10 per share. The Company is a holding company, which makes an investment only in the low-cost carrier business under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

On June 21, 2007 the 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-cost carrier business with a registered capital of Baht 400,000,000. AAI is a holding company wholly owned by AirAsia Berhad (AAB). AAB is a listed company in Bursa Malaysia who operates a low cost 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, 2015 are as following;



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

Thai AirAsia has benefited from the support from AirAsia Berhad (AAB) in many areas. The Company’s business relies on the brand license agreement that Thai AirAsia signed with AAB dated January 1, 2012 (“AirAsia” Brand License Agreement) that AAB permits Thai AirAsia 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. The Company also relies on the information technology used within the AirAsia Group. The Company’s main software was centered in Kuala Lumpur, Malaysia.

The Company 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 in Malaysia and Indonesia, and other services from AAB and members of AirAsia Group such as maintenance, fuel hedging, website for selling tickets, and ticket reservation software. 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, AirAsia Berhad is holding 45% shares in Thai AirAsia and has nominated two of the directors of Thai AirAsia and one independent director from the eight members in the board of directors as specified in the Shareholders’ Agreement.

KEY MILESTONES OF ASIA AVIATION AND THAI AIRASIA

FEBRUARY 2004

Thai AirAsia began operating domestic air services under the Thai AirAsia brand from Don Mueang International Airport to Hat Yai (Songkhla), Phuket and Chiang Mai with two Boeing 737 aircraft.

Thai AirAsia also began operating our first international flight from Bangkok to Singapore.

NOVEMBER 2009

Thai AirAsia launched our second hub in Phuket.

SEPTEMBER 2007

Thai AirAsia moved our hub from Don Mueang International Airport to Suvarnabhumi International Airport.

OCTOBER 2007

Thai AirAsia received our first Airbus A320 aircraft.

AUGUST 2010

Thai AirAsia ceased operating the Boeing 737 aircraft and our fleet comprised a single aircraft type, the Airbus A320.

JUNE 2015

Thai AirAsia rewarded **"The Best of Airline"** from The Best of Thailand Awards Voted by Chinese Tourists.

AUGUST 2015

Thai AirAsia launch our fifth hub at Pattaya (U-Tapao International Airport).

DECEMBER 2015

Thai AirAsia operated 45 aircraft (14 aircraft under financial lease) with 1,019 flights per week to 44 destinations domestically and internationally.

DECEMBER 2013

Thai AirAsia reopened our third hub in Chiang Mai.

Thai AirAsia operated 35 aircraft (8 aircraft under financial lease) with 803 flights per week to 36 destinations domestically and internationally.

OCTOBER 2012

Thai AirAsia moved our hub from Suvarnabhumi International Airport to Don Mueang International Airport.

SEPTEMBER 2012

Thai AirAsia received our first aircraft under finance lease term.

DECEMBER 2012

Thai AirAsia operated 27 aircraft (2 aircraft under finance leases) with 604 flights per week to 30 destinations domestically and internationally.

MAY 2012

Asia Aviation was listed in the Stock Exchange of Thailand (SET) and has 55% shareholding in Thai AirAsia.

FEBRUARY 2014

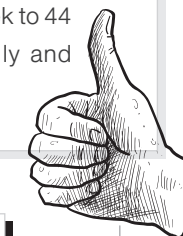
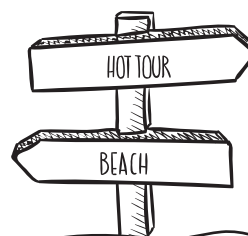
Thai AirAsia rewarded **"The World Best LCC's OTP"** in 2013 from Flightstats.

DECEMBER 2014

Thai AirAsia operated 40 aircraft (12 aircraft under financial lease) with 912 flights per week to 36 destinations domestically and internationally.

OCTOBER 2014

Thai AirAsia launch our fourth hub in Krabi.





BUSINESS OVERVIEW

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 OTHER BUSINESS, THE REVENUE BREAKDOWN, THUS, SHALL BE CONSIDERED AT THE OPERATING COMPANY LEVEL THAI AIRASIA.

Nº1

LCC MARKET IN THAILAND



INTERNATIONAL
DESTINATIONS

20

DOMESTIC DESTINATIONS

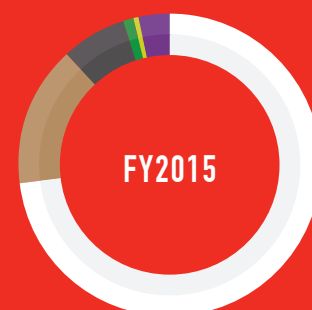
PASSENGER CARRIED MILLION
14.8
IN 2015



32 INTERNATIONAL ROUTES AND
27 DOMESTIC ROUTES

Revenue breakdown of Thai AirAsia according to the financial statements ended December 31, 2013-2015 is shown with details below.

	For the year ended 31 December					
	2013		2014		2015	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
REVENUES FROM SALES AND SERVICES						
Passenger service revenues	17,403.3	71.3	18,154.7	69.1	22,091.9	72.5
Baggage handling and other service fees	4,703.5	19.3	5,561.6	21.2	4,811.4	15.8
Charter flight revenues	971.0	4.0	1,175.9	4.5	2,081.1	6.8
In-flight revenues	225.0	0.9	260.9	1.0	322.9	1.1
Freight revenues	182.2	0.7	202.4	0.8	200.0	0.7
REVENUES	23,485.0	96.2	25,355.5	96.5	29,507.3	96.9
OTHER REVENUES						
Net gain on exchange rates	258.1	1.1	126.0	0.5	-	0.0
Other income	669.9	2.7	793.2	3.0	955.3	3.1
TOTAL OTHER REVENUES	928.0	3.8	919.2	3.5	955.3	3.1
TOTAL REVENUES	24,413.1	100.0	26,274.7	100.0	30,462.6	100.0



Passenger revenues	72.5%
Baggage handling and other service fees	15.8%
Charter revenues	6.8%
In-flight revenues	1.1%
Freight revenues	0.7%
Other income	3.1%

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-cost carrier business with a single fleet type of Airbus A320s, generating revenue 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. Our average on-time performance (which measures the proportion of flights departing within 15 minutes of the scheduled departure time) in 2015 was 87% implied that Thai AirAsia is the best on-time performance airline in Thailand.

In 2015, Thai AirAsia flew approximately 14.8 million passengers, 62% of which were passengers on routes within Thailand, and 38% 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 centers 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 hub airports in Bangkok (Don Mueang), Phuket, Chiang Mai and Krabi, and Pattaya (U-Tapao).

Our route network covers a total of 44 cities across 10 countries in Asia. As of December 31, 2015, it was covering 24 international destinations and 20 domestic destinations with 32 international routes and 27 domestic routes.

Apart from Thai AirAsia route network, our customers have access to the combined route network under AirAsia Group in countries such as Malaysia, Indonesia, Philippines and India with more than 100 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 the route.

In 2015, Thai AirAsia has 12 new domestic and international routes:

Bangkok (Don Mueang)

Bangkok – Nan
Bangkok – Loei
Bangkok – Roi Et
Bangkok – Buri Ram
Bangkok – Bengaluru

Pattaya (U-Tapao)

Pattaya – Nanchang
Pattaya – Nanning
Pattaya – Macau
Pattaya – Singapore
Pattaya – Udon Thani
Pattaya – Chiang Mai
Pattaya – Hat Yai

Additionally, Thai AirAsia also increases frequencies in dominant destinations in the domestic and Indochina region, comprised of Bangkok – Nakhon Panom; Bangkok – Phuket; Bangkok – Phnom Penh in order to dominate key truck route with frequency result in higher margin 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 AEC market while keeping the market share in Chinese market. Hence, this diversified strategy tend to minimize the risk of dependence on major customers base and to enhance the company's revenue sustainable growth in the future.

2. Ancillary services

Thai AirAsia provides various ancillary services to the passengers, starting from the services before boarding, inflight 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 schedule passenger service. Ancillary revenue is accounting for 16%, 17% and 16% of our revenues in 2013, 2014 and 2015 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 Group's website, call centre, sales office and over the check-in counter 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 the checked baggage at the time of reservation will bring about lower fees comparing to purchase at the airport. Moreover, additional fees will be charged on baggage with excess weight from pre-booked option or over 15 kilograms at the check-in counter.
- **Seat Selection:** Seat selection is available with fees, passengers can choose any preferred seats on the flight with this service. Hot Seats are special seats on the first five rows of the aircraft and emergency exit rows (Row 12 and 14) where Standard Seats are on Row 6-11 and Row 15-31.
- **Checked Sports Equipment:** Passengers can check-in sports equipment including Golf Equipment, Diving Equipment, Surf Board, Bicycle, or other equipment larger in size. Pre-booking the checked sports equipment at the time of reservation will result in lower fees comparing to purchase at the airport. Moreover, additional fees will be applied on equipment with excess weight from pre-booked option or over 20 kilograms at the check-in counter.

- **Bookings and Amendments:** Bookings made via call center, sale offices, airport sales counters and Thai AirAsia sales booths at Tesco Lotus are subjected to booking fee. Furthermore, booking amendments are possible 48-hour prior to flight time with amendment fees to be applied (Name and Route changed are not permitted).
- **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 generate revenue from this service through fees upon 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 Fly-Thru fee will be applied to the 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 will have wider range of menus for selection as well as a discount from the price selling onboard, in which the food will also be served first prior to the sale of 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 International, 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 BIG Point for every THB 20 spent and earn 3x BIG Points for any purchase made on AirAsia. Thai AirAsia will receive shared revenue from spending on this co-brand credit card.



- **Advertising Space:** Thai AirAsia generates extra revenue by providing advertising space on our aircraft such as the overhead bin compartments, meal trays, Travel 3Sixty Magazine (Regional and Local) as well as Website Banner on AirAsia.com.
- **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 model 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 destination. Additionally, Thai AirAsia will receive shared revenue from each rental transaction made via AirAsia Car Rental page.

- **Freight (AirAsia Cargo):** Thai AirAsia generates an additional revenue from airfreight service on the scheduled flight, comprised of cargo and mails when we have space and weight available. Hence, Thai AirAsia can generate freight service upon the space and weight available to sell.
- **Island and City Transfer:** Passengers are able to 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 Island and City Transfer service in order 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 has a multiple fare structure per route (Dynamic Pricing), 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 maximize our revenue. Generally, our policy is not to lower our fares once they have been published, and 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 maximize our revenue, our low-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 favorable routes.

4. Distribution and sales

Thai AirAsia has three principal distribution channels, the Internet, direct sales through our sales offices and call centre, and indirect sales. All travel with us such as confirmation itinerary is through electronic tickets, thereby reducing costs associated with printing, mailing and modifying tickets, as well as, re-issuing lost or stolen tickets. As at December 31, 2015, Thai AirAsia has proportion of our total bookings sold through the Internet 73%, direct sales 13% and indirect sales 14%.



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 or counter services 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.

Direct sales

Direct sales are made at sales office and airports sales counter 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, K-Bank, or counter services of 7-Eleven stores throughout Thailand. For group bookings are made and paid by credit card or money transfer.

Indirect sales

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

- **Third Party Travel Agents:** Thai AirAsia has two types of travel agents network, being “sky agents” who are travel agents registered with Thai AirAsia and maintained a prepaid account which bookings made by their guests are debited and being “BSP agents” who are members of, and have credit limits with International Air Transport Association (IATA).



- **AirAsia Go:** AirAsia Go is an online travel portal under AirAsia Group offering flights, hotels, tour packages, transportation options and events. Thai AirAsia obtains revenue from AirAsia Go for the flights that Thai AirAsia provides as part of the travel package.

- **GoCorporate Bookings** : Thai AirAsia offers our GoCorporate package to business travelers who maintain corporate accounts with us.
- **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 super market, to across the nation to expand its customer base. Ticket bookings can be made 24 hours prior to the flight for all of our domestic and international routes, both single and round trip.

5. Advertising and promotions

Thai AirAsia benefits from the brand of the AirAsia name, which the Company has licensed from AirAsia Berhad, Thai AirAsia and AirAsia Berhad entered into an agreement, whereby AirAsia Berhad provides certain marketing services to Thai AirAsia in exchange for a fee.

Thai AirAsia allocates budget for our marketing campaigns and activities every year, in which the Company is selective in determining the advertising medium and usually use print media together with radio and out of home media to advertise our promotional fares. Thai AirAsia regularly offers promotional fares that are more discounted than our already low fares. For example, Thai AirAsia typically conducts scheduled airfares promotion twice a year for flight during the off-peak travel season, in which the airfare component may be as low as Baht zero.

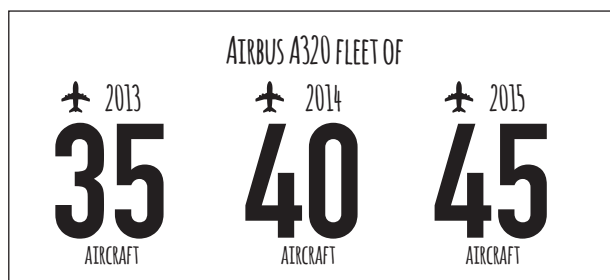
6. Customer service

Thai AirAsia is committed to providing high quality customer service by providing our guests with a safe, low 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 AskAsia <http://www.AirAsia.com/ask/> via the main page of website www.AirAsia.com. Our ground support service has a system in place to inform guests of delayed or cancelled flights through customer enrolled channel.

To provide the highest quality customer service, Thai AirAsia strives to employ staff who speak English and who are outgoing, friendly and professional. Staffs are selected through a rigorous recruitment process, which is followed by extensive and ongoing training and performance management activities. The airline specifically budgets for training for each customer service personnel every year to ensure staffs are fully prepared to assist passengers efficiently.

PRODUCTS OR SERVICES PROCUREMENT

1. Thai AirAsia's fleet



As of December 31, 2015, Thai AirAsia has Airbus A320 fleet of 45 aircraft, being 44 operational aircraft and 1 spare aircraft. Thai AirAsia has entered into the aircraft's operating leases with 30 aircraft from AirAsia Mauritius (AAM), a subsidiary of AAB, and 1 aircraft from the third party and into the financial lease with financial institutions on 14 aircraft. Thai AirAsia is expected to receive 5 more new A320 deliveries in 2016.

The Airbus A320 aircraft has a proven track record of reliability in short-haul, high frequency operations. By building a uniform fleet, costs for spare parts and training are reduced, allowing us to keep fares low. Each of our Airbus A320 aircraft is configured to seat a single class of 180 seats. As of December 31, 2015, Thai AirAsia has an average fleet age of 4.4 years with the aircraft utilization rate of 11.5 hours per day.

Thai AirAsia analyzes our aircraft procurement needs independently from the other members of the AirAsia Group. However, AirAsia Berhad 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.

Thai AirAsia has received taxes incentive granted by the Board of Investment for nine projects comprised of 32 aircraft in which 25 aircraft been delivered, with the privileges including (a) exemption from payment of import duty on machinery approved by the Board of Investment, (b) exemption from payment of income tax on net profit from promoted operations for a period of eight years from the date on which income is deemed to be first derived from such operations, subject to a maximum exempt on a range of Baht 415.0 Million to Baht 447.3 Million Baht, as the case may be for the first eight project and amounting to Baht 13,360.1 Million for the ninth project (c) a five-year carry forward period for losses for tax purposes from promote operations from the expiry of the eight-year period and (d) 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 Board of Investment in order 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 Board of Investment 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 2013, 2014 and 2015 were Baht 9,386.3million, Baht 11,272.3million and Baht 9,830.4million, accounting for 43%, 44% and 36% of Thai AirAsia's total operating costs and expenses, respectively.

Thai AirAsia purchases a substantial majority of our fuel from PTT and Shell Thailand 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 AirAsia Berhad to manage the risk of any price movements of fuel in the world market.

In addition to hedging fuel prices, Thai AirAsia has implemented the following fuel management strategies in order to reduce costs and minimize 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 minimize 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 based on the flying hours of each route. The Civil Aviation Authority of Thailand (CAAT)¹ 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 2013, 2014 and 2015. Customers mainly consist of individuals traveling by air.

4. Major suppliers

In 2013, 2014 and 2015, the only supplier which accounted for 30% or more of our total operating costs and expenses was PTT. Our jet fuel purchases from PTT accounted for 30%, 24% and 19% of our total operating costs and expenses in 2013, 2014 and 2015, respectively.

Nevertheless, Thai AirAsia believes that comparable jet fuel supply, in terms of quality and quantity, and support is available from other established suppliers. Save as disclosed above, there are no other suppliers which accounted for 30% or more of our total operating costs and expenses in 2013, 2014 and 2015.

5. Maintenance and spare parts

Maintenance

Thai AirAsia provides line maintenance and light maintenance, which is maintenance below a “C” level check (conducted at 6,000-hour intervals) for all of our aircraft. Any maintenance 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 in Singapore 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 AirAsia Berhad.

Spare parts

Thai AirAsia maintains an inventory of consumable spare parts in our hubs, with the majority of inventory found in Bangkok. As at December 31, 2015, Thai AirAsia keeps Baht 553 million of aircraft spares 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.



Safety

Our aircraft are equipped with advanced and highly accurate instrument landing systems (“ILS”) that provide necessary lateral and vertical guidance to the pilot in navigating the aircraft for a precision approach. A precision approach is a descent procedure using a navigation facility aligned with a runway. The ILS in our aircraft has a height call-out feature that further assists the pilot in navigating the aircraft’s descent. In addition, our aircraft are equipped with traffic alert and collision avoidance system (“TCAS”) technology and enhanced ground proximity warning system (“EGPWS”). TCAS technology allows pilots to detect the presence of all other TCAS and transponder-equipped aircraft, as well as coordinate maneuvers between two opposing aircraft which are equipped with TCAS, thereby reducing the risk of mid-air collisions. EGPWS is a terrain awareness and alerting system which uses aircraft inputs, including geographic position, altitude, air speed and glide slope, together with internal terrain, obstacles and airport databases to predict a potential conflict between the aircraft flight path and terrain or an obstacle. In addition, EGPWS provides alerts for excessive glide slope deviation and incorrect landing configurations, and is able to provide flight path angle indications and altitude call-outs.

Thai AirAsia has developed a quality assurance system to monitor all areas related to ground and flight operations as part of our wider quality management objectives. Our quality assurance teams oversee and monitor all aspects of our aircraft operations to ensure that industry safety standards, including CAAT¹’s guidelines, are strictly adhered to. CAAT¹ conducts safety audits on us twice every year and regulatory authorities from other countries also regularly conduct safety audits.

Since we began operations in 2004, none of our aircraft has been involved in a serious incident.

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 are in compliance with all of CAAT¹'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. AirAsia Berhad 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 (centralized

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 Merlot 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, including ramp services. Thai AirAsia has assigned the established third parties to provide these services to us at international destinations. Thai AirAsia believes that providing our own ground handling and ground support services ensures that costs are kept low while productivity is high.

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 any one occurrence, each aircraft, unlimited in all, but in the annual aggregate in respect of Products Legal Liability. Thai AirAsia also insured the aircrafts against loss and damages under the Hull All Risks up to the agreed sum value of the aircraft, but subject to a deductible of USD 750,000 any one occurrence in respect of all losses other than 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 and USD 50,000 each and every claim.

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 up to the

agreed value of the aircrafts. The coverage is provided by a combination of policies and is subject to an annual aggregate limit of USD 840 million any one occurrence.

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

5. Environment

Currently, Thai AirAsia has our aircraft fleet of Airbus A320, which uses less fuel and has lower emissions. Thai AirAsia has, through AirAsia Berhad, ordered the Airbus A320neo, which is expected to be more fuel efficient and have lower emissions levels.

INDUSTRY OUTLOOK AND COMPETITION

1. Economic and industry outlook

The International Monetary Fund (IMF) expected the world economic growth in 2016 at 3.6%, up from last year's estimated at 3.1%. In addition, the crude oil prices still held at low levels, resulting in the increase in the purchasing power of consumers; those effects are expected to result in a slight increase of future demand. There are, nonetheless, other factors that may affect the oil prices during the year, such as China, which is the world's second largest oil importer, tends to reduce oil consumption owing to lower economic growth; these factor may suppress the global oil prices. In contrast, there is a positive sentiment to support oil prices such as the possibility to cut shale oil's production level in the U.S. after several oil and gas companies decided to reduce its capital expenditure. Hence, jet fuel prices in 2016 are expected to stay lower than 2015 and it will slowly recover in the second half of 2016 (2H16). The average jet fuel price in 2016 is forecasted in range of USD 45–55 per barrel.

The Office of the National Economics and Social Development Board forecasts Thailand economic growth for 2016 in the range of 3.0%–4.0% driven by the increase in government spending, particularly in an investment of infrastructure and the short-term stimulus package, as well as, the private investment. Those activities are expected to stimulate and build up a confidence in the business sector, while momentum growth in the tourism industry. Hence, the government has

set a challenging target of the tourism revenues in 2016 an amounted to Baht 2.4 trillion. The government not only supports tourism sustainability by focusing on the quality, but also supports the philosophy of sufficiency economy in order to balance between economic, social and environmental. However, Thai economy is still facing on severe drought that may impact the agriculture sector, resulting in lower agricultural output and farm prices while the household debt is also in the high level. Additionally, the demand of import goods from Thailand is likely to decline due to the weaken economy from both China and Asian that tends to grow lower than expected.

According to the Tourism and Sports Ministry, the number of international arrivals in 2016 is expected to rise over 32 million, mainly driven by the expansion of Chinese tourists and the improvement in the political situation in Thailand. Tourism, hence, is the key industry driving the Thai economy. Tourism and Sports Ministry sets up the Thailand tourism strategy for the year 2015–2017 which is the foundation for developing and promoting the quality and sustainability of Thailand tourism. Moreover, the project “Discover Thainess” marking campaign will continue promoting Thai culture and traditions until 2017. By the year 2016, the proactive campaign will focus on “Thailand's 12 Hidden Gems” and also “One District One Tourist Destination” in order to stimulate tourism sustainability in every areas not only in the provinces' main destinations.

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

2. Competition

Thai AirAsia faces on the competition both from the LCCs and full service carriers (FSCs) 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. Thai AirAsia competes principally on low-fares, flight frequency and quality of service. Given our cost management effectiveness, the Company is in the better position to endure a decrease in air fares that might occur as a result of intense competition via aggressive pricing of competitors or from new entrants.

On July 2012, Thai Smile, a business unit of Thai Airways sharing its airline code, has started its operation using the same Airbus 320 equipment. Positioning itself as a “light premium” airline, Thai Smile provides fares at the price between Thai Airways and Nok Air with complimentary snack and sharing the same frequent flyer program and airport lounges with Thai Airways. Presently, Thai Smile based its operation on both at Suvarnabhumi and Don Mueang international airports.

In December 2013, Thai Lion Air, a Low Cost Carrier of Indonesia part of Lion Group, has started its operation at Bangkok (Don Mueang international airport) and was granted the air operator certificate (AOC) from CAAT¹. The airline strategy is to provide cheapest price than competitors with a slogan “We make people fly”. The first flight launched on December 4, 2013. As of December 31, 2015, it's operated with 13 Boeing 737-900ER aircraft (215-seat) and 5 Boeing 737-800 aircraft (189-seat)

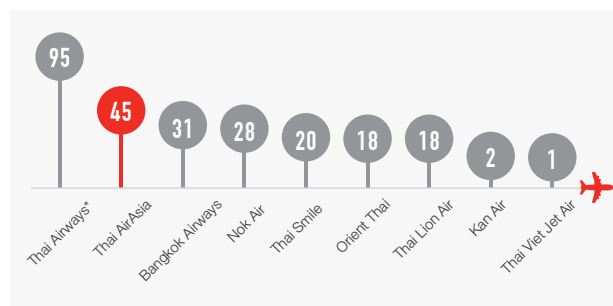
In April 2014, Thai AirAsia X which is an affiliate of AirAsia X in Malaysia, is the low-fare long-haul airline that started its operation at Don Mueang international airport. Thai AirAsia has benefit from the Fly-Thru service that connects more flights. As of December 31, 2015, it's operated with 5 Airbus 330-300 aircraft (215-seat) which serve 4 international routes.

In December 2014, Thai VietJet Air (Thai VietJetAir) was granted the air operator certificate (AOC) from CAAT¹. A new Low-cost airline in Thailand in which based operation at Suvarnabhumi Airport was JV between VietJet Airline (Vietnam) and Kan Air (Thailand) established. However, in February 2015, the major shareholder of Kan Air has reduced his stake in Thai VietJet Air to local investors, leaving his stake with only 10% from the previous holding at 51%. As of December 31, 2015, Thai VietJet Air has not flown a schedule flight.

In May 2015, NokScoot was granted the air operator certificate (AOC) from CAAT¹. A new Low-cost airline in Thailand in which was JV between Singapore Airlines (Singapore) and Nok Air (Thailand) established. NokScoot serves only international routes which has based in Don Mueang Airport. As of December 31, 2015, it's operated with 3 Boeing 777-200ER aircraft (415-seat).

In June 2015, the International Civil Aviation Organization (ICAO) has put a red flag to Thailand following an audit of CAAT¹, Thailand that turned up the Significant Safety Concern (SSC). Followed by December 2015, the U.S. Department of Transportation's Federal Administration (FAA) has assigned the status of CAAT¹ from Category 1 to Category 2. Thai AirAsia, however, has no impact from the aforementioned and able to continue with all of its ongoing plans and continues to dominate as the first rank of LCCs' market share in Thailand in both domestic and international routes.

As of December 2015, all airlines that was granted the air operator certificate (AOC) from CAAT¹ have a number of the aircraft in service as shown below;



* Included Thai Smiles

Source: Centre for Aviation (CAPA)

2.1 International route

The main competitors of Thai AirAsia on our international routes include full-service carriers and other low-cost carriers that share the same destinations as ours. Full service carriers are Thai Airways, Cathay Pacific Airways, Singapore Airlines, Vietnam Airlines, Air Macau, Myanmar Airlines International, Malaysian Airlines, while low-cost carriers are Tiger Airways, Jetstar Airways, Spring Airlines, Orient Thai Airlines, NokScoot and Thai Lion Air.

¹ Civil Aviation Authority of Thailand (CAAT), which has an effective date on October 1, 2015, previously named Department of Civil Aviation of Thailand (DCA).



2.2 Domestic route

Key main players under the domestic market include Thai Airways, a full-service carrier offering multiclass scheduled services, complimentary in-flight meals, a frequent flyer program and airport lounges, Thai Smile, a light premium airline under Thai Airways umbrella, as well as Bangkok Airways, a boutique full service carrier, and low-cost carriers such as (1) Nok Air (an affiliate of Thai Airways), (2) Orient Thai Airlines, (3) Thai Lion Air and (4) Kan Air.

OUR BUSINESS STRATEGY

Our goal is to establish ourselves as a leading low-cost 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. Apart from organically growing our fleet, Thai AirAsia is striving to stimulate air travel via tapping the potential new routes by expanding new markets, especially in China, India and Indochina, where there is less or no competition as well as via increasing flight frequencies to strengthen our market position. Our aim is to gain market dominance in every of our route, in both domestic and international market. Besides generating revenue from the fares, Thai AirAsia is also focusing on the drive of our ancillary products via attractive promotions to create more awareness on existing products to the market as well as more innovative products such as city transfer and island transfer service to serve our traveler’s needs and convenience on connectivity.

In summary, Thai AirAsia is building up its network and infrastructure that would enable the economies of scale, cost efficiency and effectiveness for the readiness of upcoming competition.

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*ความคุ้มครองขึ้นอยู่กับแผนที่คุณซื้อ เงื่อนไขเป็นไปตามข้อกำหนดของกรมธรรม์

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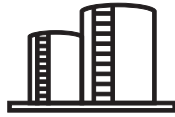
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RISK FACTORS



WEATHER



FUEL



CURRENCY



INTEREST RATE

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 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 analyzes factors that may prevent the Company in achieving its goals, prioritizes 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, and the Company's Board of Directors for consideration once every quarter. The Company is following the standards set by the Committee of Sponsoring Organization of the Treadway Commission, or COSO as its operating guideline.

The Company has key risks as listed below. Nonetheless, besides the risk factors shown hereunder, there may be other risks that the Company is not presently aware of or is aware of but does not deem significant in the foreseeable future.

RISKS RELATING TO THE AVIATION INDUSTRY

1. The aviation industry is exposed to risks from external factors such as terrorism, epidemic, and unfavorable weather conditions.

Terrorism, such as the September 11, 2001 incident and its aftermath, has resulted in negative impacts on the aviation industry. 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 aircrafts 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 unfavorable 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.

The Company has set up the Emergency Response Team to keep close watch and follow the situation instantly, with the aim to minimize the impact on the flight operation and passengers. The team covers areas such as flight operation planning, ground operation in term 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.

Jet fuel costs represent the largest part of the operating costs of Thai AirAsia, accounted for 36% of total costs of Thai AirAsia in 2015. Consequently, the operating results of Thai AirAsia are significantly affected from the high volatility of the fuel price. The Company's policy in mitigating the risks from fuel price fluctuation is by the Jet Fuel Price Hedging in order to keep the fluctuation in the manageable

level. In terms of flight operation, the Company has a policy to manage the fuel consumption rate. In addition, the Company has appropriately levied the checked baggage fee and fuel surcharge (fees based on the flying hours of each route), and generates ancillary income to support the fuel cost management. However, Thai AirAsia cancelled the fuel surcharge in the beginning of the year 2015 due to the global oil prices dropped significantly.

3. Currency fluctuation can have adverse impacts on the company's business, financial condition, and operating results.

Due to the geographic diversity of the business, Thai AirAsia has incomes and expenses in various currencies, most in particular Thai Baht, Singapore Dollar, the US Dollar, Malaysian Ringgit, and Chinese Renminbi. However, most of maintenance contracts, aircraft lease contracts, jet fuel supply contracts, insurance contracts, and substantially all of the purchase contracts with respect to aircraft spare parts of Thai AirAsia are in US Dollar. Nevertheless, many currencies, including US Dollar and some Asian currencies are fluctuating: depreciating and appreciating, which can affect the Company.

Thai AirAsia is monitoring the changes in situations for factors that can influence the foreign exchange rates and may enter into contracts to hedge the foreign exchange exposure once the rates are at the favorable levels. In addition, Thai AirAsia also alleviates foreign exchange risks by engaging in the natural hedge scheme.

4. The Company may be exposed with interest rate fluctuations.

Thai AirAsia may incur significant amount of debt in the future in order to finance for new aircraft or for business expansion. The substantial indebtedness amount of 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 has set a measure to alleviate interest rate risk by opting for fixed-rate loan or entering into interest rate swap with financial institution as appropriate.

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 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 an 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 fifty-one percent 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 air service operator license and significant negative impacts on the business, financial condition, operating results, and business opportunities of Thai AirAsia. If the foreign shareholding meets the maximum limit, Thai shareholders may be restricted in transferring the 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 recognizing 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, 2015, Asia Aviation held 55% shareholding in Thai AirAsia, in which the investors and financial institutions held the proportion of 55% of Asia Aviation's total issued and outstanding shares, and the remaining 45% were held by Thai AirAsia management team 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. According to the Public Limited Companies Act B.E. 2535 (1992) as amended, Asia Aviation may pay dividends based on its net profit of the standalone 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 its relationship with AirAsia Berhad.

Thai AirAsia has benefited from the support from AirAsia Berhad (AAB) in many areas. The Company's business relies on the brand license agreement that Thai AirAsia signed with AAB dated January 1, 2012 ("**AirAsia**" **Brand License Agreement**) that AAB permits Thai AirAsia 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 of this agreement 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 2027. 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 favor of the lessee. The Company also relies on the information technology used within the AirAsia Group. The Company's main software (centered 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 Merlot, 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.

The Company 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 in Malaysia and Indonesia, and other services from AAB and members of AirAsia Group such as maintenance, fuel hedging, website for selling tickets, and ticket reservation software. Decisions to engage in the transactions are made by Thai AirAsia. The transactions shall be submitted to the Audit Committee and the Board of Directors' meeting for approval.

4. Thai AirAsia is dependent on automated system and the internet in business operation of Thai AirAsia

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 of Thai AirAsia came up to 73% in 2015. 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, 2015, Thai AirAsia has a single aircraft type of 40 Airbus A320 aircraft with CFM56-5B6/3 and -5B4/3 engines. The reliance on single model, Airbus A320, and single type of engine, CFM56-5B6/3 and -5B4/3, makes Thai AirAsia vulnerable to any problem arises from the said model and engine. Thai AirAsia may experience an unfavorable impact if any shortcoming is found in the design or the mechanism in Airbus A320 aircraft or CFM56-5B6/3 and -5B4/3 engine, 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.

SHAREHOLDING STRUCTURE

SHAREHOLDING STRUCTURE

Asia Aviation Public Company Limited

As of December 31, 2015, 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)

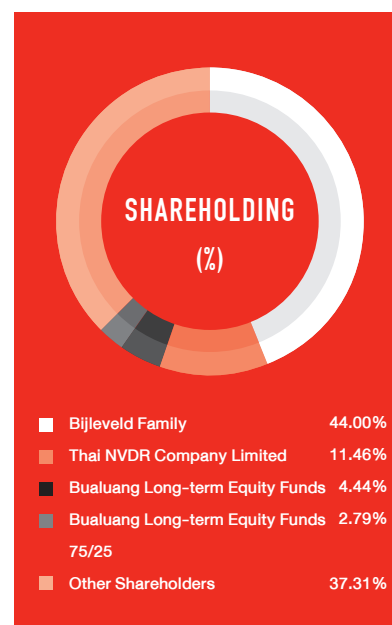
As of December 31, 2015, Thai AirAsia has the registered and paid-up capital of Baht 435,555,600, being common shares of 43,555,560 shares at the par value of Baht 10 per share. With the IPO proceeds, Asia Aviation has injected its capital into Thai AirAsia, increasing its shareholding from 51% to 55%.

MAJOR SHAREHOLDERS

Asia Aviation Public Company Limited

As of February 5, 2016, 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 (%)
1. Bijleveld Family	2,134,088,286	44.00
- Mr. Tassapon Bijleveld	630,564,208	13.00
- Miss Pattaree Bijleveld	921,500,000	19.00
- Mrs. Siritorn Bijleveld	582,024,078	12.00
2. Thai NVDR Company Limited	555,664,695	11.46
3. Bualuang Long-term Equity Funds	215,460,500	4.44
4. Bualuang Long-term Equity Funds 75/25	135,342,700	2.79
5. Bualuang Top Ten Open-end Fund	72,794,100	1.50
6. Bualuang Flexible RMF	69,881,200	1.44
7. Electricity Generating Authority of Thailand Employees Provident Fund (managed by BBLAM)	60,326,300	1.24
8. Bualuang Infrastructure RMF	50,708,200	1.05
9. MFC Hi-Dividend Fund	40,565,100	0.84
10. Bualuang Equity RMF	40,536,200	0.84



Thai AirAsia Company Limited

As of December 31, 2015, Thai AirAsia has 8 shareholders with details on the number of shares and shareholding percentage as follows:

Name	Number of shares	Shareholding percentage (%)
1. Asia Aviation Public Company Limited	23,955,553	55.00
2. AirAsia Investment Ltd. ^{1,2}	19,600,000	45.00
3. Mr. Tassapon Bijleveld	2	0
4. Captain Tanapat Ngamplang	1	0
5. Mr. Preechaya Rasametanin	1	0
6. M.L. Bovornovadep Devakula	1	0
7. Mr. Santisuk Klongchaiya	1	0
8. 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 of December 31, 2015, 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 (%)
1. Tune Air Sdn Bhd	528,542,082	18.99	-	-
2. Tan Sri Dr. Anthony Francis Fernandes	1,600,000	0.06	528,542,082	18.99
3. Dato Kamarudin bin Meranun	2,000,000	0.07	528,542,082	18.99
4. Employees Provident Fund Board	161,791,300	5.81	5,895,500	0.21
5. Wellington Management International, Ltd	194,077,980	6.97	-	-
6. Wellington Management Global Holdings, Ltd.	-	-	197,216,980	7.09
7. Wellington Investment Advisors Holdings LLP	-	-	220,010,463	7.91
8. Wellington Group Holdings LLP	-	-	220,010,463	7.91
9. Wellington Management Group LLP	-	-	220,010,463	7.91

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 authorized 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,

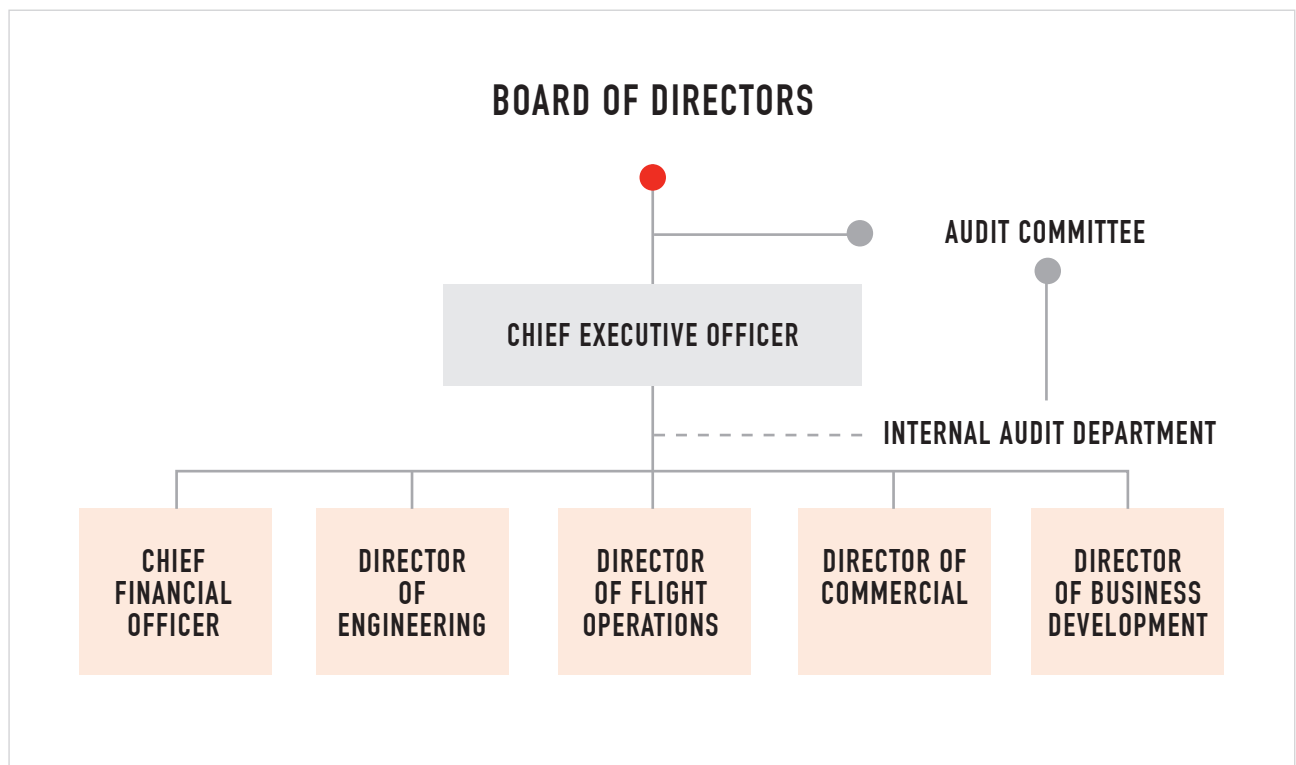
debentures or any related contracts that Asia Aviation are obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the board of directors.

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.

MANAGEMENT STRUCTURE

MANAGEMENT STRUCTURE OF ASIA AVIATION PUBLIC COMPANY LIMITED AS OF DECEMBER 31, 2015



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

The Board of Directors

As of December 31, 2015, Asia Aviation's Board of Directors consists of 9 Directors as follows:

Name	Position	Noted
1. Mr. Arak Chonlatanon	Chairman of the Board/ Independent Director/ Chairman of the Audit Committee/ Nomination and Remuneration Committee	Non-Executive Director
2. Mr. Tassapon Bijleveld	Director	Executive Director
3. Mrs. Pattra Boosarawongse*	Director	Executive Director
4. Captain Tanapat Ngamplang	Director	Executive Director
5. Mr. Preechaya Rasametanin	Director	Executive Director
6. M.L. Bovornovadep Devakula	Director	Executive Director
7. Mr. Santisuk Klongchaiya	Director	Executive Director
8. Mr. Distorn Vajarodaya	Director/ Independent Director/ Audit Committee/ Nomination and Remuneration Committee	Non-Executive Director
9. Mr. Nuttawut Phowborom	Director/ Independent Director/ Audit Committee/ Chairman of Nomination and Remuneration Committee	Non-Executive Director

* Mrs. Pattra Boosarawongse was appointed as Director replacing Mr. Pornanan Gerdprasert who resigned, effective February 23, 2015.

Authorized Directors

Mr. Tassapon Bijleveld jointly sign with, Mrs. Pattra Boosarawongse, or Captain Tanapat Ngamplang, or Mr. Preechaya Rasametanin, or M.L. Bovornovadep Devakula, or Mr. Santisuk Klongchaiya, totaling two persons, with the company's seal affixed.

to do such work to ensure compliance with the policies set out by the Board of Directors.

Scope of Duties and Responsibilities of the Board of Directors

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

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 authorization of duties and responsibilities of the Board of Directors of Asia Aviation shall not constitute an authorization or sub-authorization which may cause the Board of Directors of the Asia Aviation or its authorized 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 2015

Name	No. of Attendance/ Total Meeting
1. Mr. Arak Chonlatanon	7/7
2. Mr. Tassapon Bijleveld	6/7
3. Mrs. Pattra Boosarawongse	6/7
4. Captain Tanapat Ngamplang	6/7
5. Mr. Preechaya Rasametanin	6/7
6. M.L. Bovornovadep Devakula	7/7
7. Mr. Santisuk Klongchaiya	6/7
8. Mr. Distorn Vajarodaya	7/7
9. Mr. Nuttawut Phowborom	7/7

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, 2015, the Company's Audit Committee is as follows:

Name	Position
1. Mr. Arak Chonlatanon	Chairman of Audit Committee
2. Mr. Distorn Vajarodaya	Audit Committee
3. 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 Tantiwiwat.

Terms 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 2015

Name	No. of Attendance/ Total Meeting
1. Mr. Arak Chonlatanon	5/5
2. Mr. Distorn Vajarodaya	5/5
3. Mr. Nuttawut Phowborom	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 connected 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:
 - an opinion on the accuracy, completeness and credibility of the Company's financial report;
 - an opinion on the adequacy of the Company's internal control system;
 - 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;
 - an opinion on the suitability of an auditor;
 - an opinion on the transactions that may lead to conflicts of interests;
 - the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;
 - an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - other transactions which, according to the Audit Committee's responsibilities as assigned by the Board of Directors, should be known to the shareholders and general investors.
- If any following actions significantly affect the financial status or performance of the Company, the Audit Committee shall report to the Board of Director for further improvement within the suitable time set by the Audit Committee:

- a. Transaction that causes the conflict of interest;
- b. Fraud or any significant irregular events or problems in the internal control system; and
- c. The violation of law by Security and Exchange Commission, SEC's regulation or law related to the Company business.

If the Board of Director 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, 2015, the list of Asia Aviation's Executives is as follows

Name	Position
1. Mr. Tassapon Bijleveld	Director/ Chief Executive Officer
2. Mrs. Pattra Boosarawongse*	Director/ Chief Financial Officer
3. Mr. Preechaya Rasametnin	Director/ Director of Engineering
4. Captain Tanapat Ngamplang	Director/ Director of Flight Operations
5. M.L. Bovornovadep Devakula	Director/ Director of Business Development
6. Mr. Santisuk Klongchaiya	Director/ Director of Commercial

Remark: 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

* Mrs. Pattra Boosarawongse was appointed as Chief Financial Officer replacing Mr. Pornanan Gerdprasert who resigned, effective February 23, 2015.

Duties and Responsibilities of the Chief Executive Officer

1. To be designated as authorized 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 authorized 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, compensation and other benefits for employees.
4. To monitor and report situation and position 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 authorized person in liaising with government agencies and other organizations.
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 authorize 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 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.

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 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 February 25, 2016 as a company secretary, whose duties and responsibilities are as stated in the Securities and Exchange Act.

Nomination and Remuneration Committee

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, 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. Distorn Vajarodaya	Nomination and Remuneration Committee

Terms 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 2015

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

Scope of Authority and Responsibilities for Nomination

1. To determine the structure, size, and composition of the Board of Directors to be suitable for the organization and its changing environment.
2. 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.
3. 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.

4. Provide opportunity for minority shareholders to nominate candidates for the Company's Directors by giving appropriate timeframe prior to the Shareholders' Meeting.
5. 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 summarized 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 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. The Directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, 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 authorized 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 Committee 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 and Management.

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 2015, held on April 24, 2015, the resolution was to approve the remuneration for the Board of Directors and subcommittees as follows:

Monetary Remuneration

- Each Director shall receive the monthly remuneration of Baht 75,000 and Baht 75,000 allowance for each meeting attendance. If there is more than one meeting, each Director shall receive only Baht 75,000 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 75,000. 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 37,500 per meeting attendance. If there is more than one meeting, each Director shall receive only Baht 37,500 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 2015

Director	Monetary Remuneration (THB)		
	Monthly	Meeting Allowance	Bonus
Board of Directors			
- Chairman	100,000	100,000	-
- Director	75,000	75,000	-
Audit Committee			0.5% of the
- Chairman	100,000	-	dividend
- Member	75,000	-	payment
Nomination and Remuneration Committee			
- Chairman	-	37,500	-
- Member	-	37,500	-
Executive Committee*			
- Chief Executive Officer	-	-	-
- Member	-	-	-

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

Monetary remunerations of the three Individual Directors who are not members of the Management are the total of THB 10.04 million. The remunerations include salary, meeting allowance and bonus as follows:

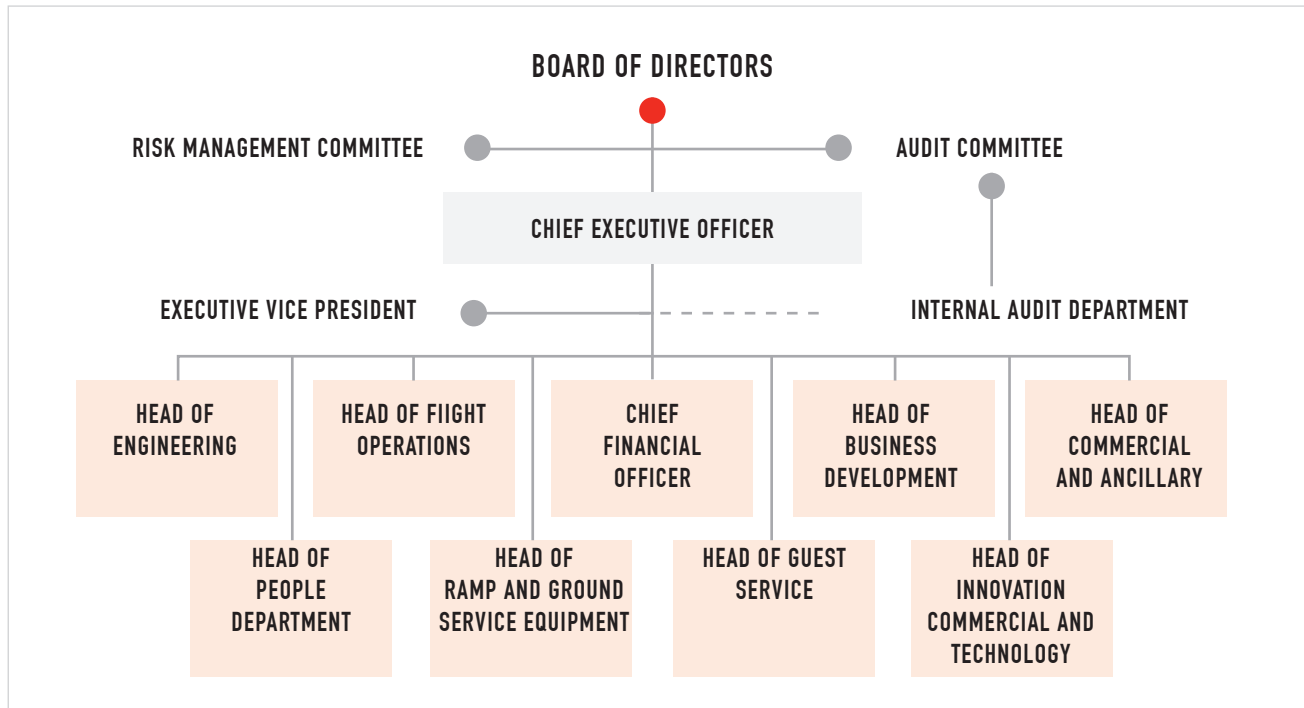
Director	Position	Director's Remuneration (THB)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
1. Mr. Arak Chonlatanon	Chairman of the Board of Director/ Chairman of the Audit Committee	2,608,333	1,200,000	37,500	3,845,833
2. Mr. Distorn Vajarodaya	Director/ Audit Committee	2,158,333	900,000	37,500	3,095,833
3. Mr. Nuttawut Phowborom	Director/ Audit Committee	2,158,333	900,000	37,500	3,095,833

- In 2015, Asia Aviation has not paid remunerations for the Management.
- The aforementioned policy on Directors' remuneration in 2015 is the same as the policy in 2014.

Changes in Shares Held by Board of Directors and Executives in 2015

Name	Position	Number of Shares on 31 December 2014	Number of Shares on 5 February 2016	Increase in the Number of Shares (Decrease)	Share holding (%)
1. Mr. Arak Chonlatanon	Chairman of the Board of Director/ Chairman of the Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
2. Mr. Tassapon Bijleveld	Director/ Chief Executive Officer	2,134,088,286	630,564,208	(1,503,524,078)	13.00
Spouse and minor child	-	-	1,503,524,078	1,503,524,078	31.00
3. Mrs. Pattra Boosarawongse	Director/ Chief Financial Officer	-	28,500	28,500	0.0006
Spouse and minor child	-	-	-	-	-
4. Captain Tanapat Ngamplang	Director	15,000,082	8,000,082	(7,000,000)	0.16
Spouse and minor child	-	-	-	-	-
5. Mr. Preechaya Rasametanin	Director	26,500,000	25,500,000	(1,000,000)	0.53
Spouse and minor child	-	-	-	-	-
6. M.L. Bovornovadep Devakula	Director	25,151,977	23,351,977	(1,800,000)	0.48
Spouse and minor child	-	-	-	-	-
7. Mr. Santisuk Klongchaiya	Director	9,712,091	9,712,091	-	0.20
Spouse and minor child	-	-	-	-	-
8. Mr. Distorn Vajarodaya	Director/ Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
9. Mr. Nuttawut Phowborom	Director/ Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-

MANAGEMENT STRUCTURE OF THAI AIRASIA COMPANY LIMITED AS OF DECEMBER 31, 2015



MANAGEMENT STRUCTURE THAI AIRASIA AS A CORE BUSINESS OPERATION

The Board of Directors

The Management structure of Thai AirAsia ("Subsidiary") consists of the Board of Directors and four subcommittees, namely the Audit Committee, the Executive 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, 2015, Thai AirAsia's Board of Directors consists of 7 directors as follows:

Name	Position	Noted
1. Mr. Arak Chonlatanon	Chairman of the Board/ Chairman of the Audit Committee/ Independent Director	Non-Executive Director

Name	Position	Noted
2. Tan Sri Dr. Anthony Francis Fernandes	Director	Executive Director
3. Dato Kamarudin Bin Meranun	Director	Executive Director
4. Mr. Tassapon Bijleveld	Director	Executive Director
5. Mrs. Pattri Boosarawongse*	Director	Executive Director
6. Mr. Santisuk Klongchaiya**	Director	Executive Director
7. Mr. Nuttawut Phowborom	Director/ Independent Director/ Audit Committee	Non-Executive Director

* Mrs. Pattri Boosarawongse was appointed as Director replacing Mr. Preechaya Rasametanin who retired by rotation, effective February 23, 2015.

** On February 23, 2015, Mr. Santisuk Klongchaiya was appointed as Director replacing M.L. Bovornvadev Devakula who resigned from Director but still served as Head of Business Development.

The Company Secretary is Ms. Nisres Distes.

Authorized Directors

Mr. Tassapon Bijleveld jointly signs with Mrs. Pattri Boosarawongse, with the Company's seal affixed or Mr. Tassapon Bijleveld jointly signs with Mr. Santisuk Klongchaiya and Tan Sri Dr. Anthony Francis Fernandes, or Dato Kamarudin Bin Meranun, totaling three persons, with the Company's seal affixed.

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. Under Thai AirAsia's articles of association, 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 authorized 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 THB 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 THB 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 THB 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 THB 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 framework.

Board of Directors' Meeting

The followings are the details of attendance of the Board of Directors' meeting in 2015

Name	No. of Attendance/ Total Meeting
	2015
1. Mr. Arak Chonlatanon	6/6
2. Tan Sri Dr. Anthony Francis Fernandes	4/6
3. Dato Kamarudin Bin Meranun	3/6
4. Mr. Tassapon Bijleveld	6/6
5. Mrs. Pattra Boosarawongse	5/6
6. Mr. Santisuk Klongchaiya	5/6
7. Mr. Nuttawut Phowborom	5/6

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, 2015, 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 Tantiwiwat.

Terms 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 Committees' meeting in 2015

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

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, 2015, Thai AirAsia's Risk Management Committee consists of 6 directors as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Chairman of Risk Management Committee
2. Mrs. Pattra Boosarawongse	Risk Management Committee
3. Captain 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 organization regarding risk management procedures with continuous follow up and evaluation.
6. Continually report to Board of Directors regarding risks and significant risk management.

Executives

As of December 31, 2015, the list of Thai AirAsia's Executives is as follows:

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

Remark: 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. 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 authorized by the Board of Directors of Thai AirAsia and/or resolutions of the Shareholders' Meeting.
2. Establish organization structure and administrative procedures, including recruitment, training, dismissal, and remuneration, compensation, bonus and other benefits for employees.
3. Monitor and report situation and position 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 authorized person in liaising with government agencies and other organizations.
6. Oversee communication activities with the public, stakeholders, customers, and staff members in order to promote image and reputation of Thai AirAsia.
7. Authorize 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 Board of Directors.

Nomination and Remuneration Committee

Thai AirAsia'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, which comprises of three committee members as follows:

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

Terms 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 2015

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

1. To determine the structure, size, and composition of the Board of Directors to be suitable for the organization and its changing environment.
2. 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.
3. 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.
4. 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.

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 summarized as follows:

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

2. 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.

Composition and Appointment of the Audit Committee

Thai AirAsia's 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 authorized 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 Committee 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 and 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

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 and Management.

Remuneration Committee shall considers types, forms, and amount of the remuneration for the Board of Directors, subcommittees and Chief Executive Officer. 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 2015, held on April 24, 2015, 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 2015

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 Committee*			
- Chief Executive Officer	-	-	-
- Member	-	-	-

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

Monetary remunerations of the two individual Directors who are not members of the Management are the total of THB 1.98 million. The remunerations include meeting allowance as follows:

Director	Position	Director's Remuneration (THB)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Total
1. Mr. Arak Chonlatanon	Chairman of the Board of Director/ Chairman of the Audit Committee	600,000	500,000	40,000	1,140,000
2. Mr. Nuttawut Phowborom	Director/ Audit Committee	400,000	400,000	40,000	840,000

- In 2015, Thai AirAsia has paid remunerations for Chief Executive Officer and 12 members of the Management in total of THB 81.15 million in the forms of salaries and bonuses.
- The aforementioned policy on Directors' remuneration in 2015 is the same as the policy in 2014.

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, 2015 was 3,925 persons and could be categorized by responsibility and geography as follows:

Responsibility	December 31, 2015
Pilot and Co-Pilot	456
Flight Attendant	840
Ground Operation	1715
Engineer	287
Marketing	32
Head Office	70
Others	525
Total	3,925

Geography	December 31, 2015
Bangkok	2,867
Phuket	211
Chiang Mai	252
Others	595
Total	3,925

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 labor dispute during the last three years.

REMUNERATION FOR HUMAN RESOURCES

Overall Remuneration for Employees

Asia Aviation

For the year 2015, 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 2015, Total remuneration for Thai AirAsia's employees includes salary, bonuses, overtime, provident funds and other compensation was Baht 3,074.61 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 (CAA). 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 550 pilots by 2016.

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 categorizing system to allow each pilot to specialize 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 familiarization, 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, organizational 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.

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 the Company's flight centers in Bangkok and Phuket.

DIRECTOR PROFILES

ASIA AVIATION PUBLIC COMPANY LIMITED

AS OF 31 DECEMBER 2015

MR. ARAK CHONLATANON

Chairman of the Board/ Chairman of the Audit Committee/ Independent Director

The date of appointment: 1 November 2012

Age 65 years

Education

- Bachelor Degree in Electronic Engineering, Chulalongkorn University
- Thailand Energy Academy (TEA 1/2012)
- The Capital Market Academy (CMA 9)
- Directors Certification Program (DCP106), 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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

5 years past and present work experience

Period	Position	Company
2012 - present	Chairman of the Board / Chairman of the Audit Committee	Asia Aviation Plc.
2013 - present	Chairman of the Board / Chairman of the Audit 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
2011	Advisor	Shin Corporation Plc.
2009 - 2011	Director/ Chief Executive Officer	Thaicom Plc.
2009 - 2011	Director/ Chairman of Executive Committee	CS Loxinfo Plc.
2009 - 2011	Member of Executive Committee	Advanced Info Service Plc.
2007 - 2011	Director/ Chairman of the Executive Committee-Media and New Business	Shin Corporation Plc.

Director/Management Position in other companies:

Listed Company

- None -

Non-listed company

- Thai AirAsia Co., Ltd.
- Smartflow Co., Ltd.
- IV Global Securities Plc.
- A T E Co., Ltd.

Other company that compete with / relate to the company

- None -

MR. DISTORN VAJARODAYA

Director/ Audit Committee/ Independent Director

The date of appointment: 13 December 2011

Age 52 years

Education

- Doctor of Business Administration Program in Management, Rattana Bundit University
- Master of Business Administration in Business Management, Kasetsart University
- Bachelor of Accounting, University of the Thai Chamber of Commerce
- Director Accreditation Program (DAP 92), Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

5 years past and present work experience

Period	Position	Company
2011 - present	Director/ Audit Committee	Asia Aviation Plc.
2014 - present	Director/ Audit Committee	Carabao Group Plc.
2013 - present	Director	The Thai Insurance Plc.
2011 - present	Grand Chamberlain of the Royal Household	Bureau of the Royal Household
2000 - present	Director	Suvarnachad Co., Ltd.
2000 - present	President	Golden Place Management Co., Ltd.
2001 - present	Director	Mongkhon Chaipattana Co., Ltd.
2007	Assistant Lord Chamberlain of the Royal Household	Bureau of the Royal Household
1999	Director	Bureau of the Royal Household

Director/Management Position in other companies

Listed Company

- The Thai Insurance Plc.
- Carabao Group Plc.

Non-listed company

- Bureau of the Royal Household
- Suvarnachad Co., Ltd.
- Golden Place Management Co., Ltd.
- Mongkhon Chaipattana Co., Ltd.

Other company that compete with / relate to the company

- None -

MR. NUTTAWUT PHOWBOROM**Director/ Audit Committee/ Independent Director**

The date of appointment: 13 December 2011

Age 51 years

Education:

- Master of Business Administration General Management, City University, USA
- Bachelor Degree of Economics, The University of the Thai Chamber of Commerce
- Directors 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)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

5 years past and present work experience

Period	Position	Company
2011 – present	Director/ Audit Committee	Asia Aviation Plc.
2011 – present	Director/ Audit Committee	Thai AirAsia 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	Chief Executive Officer	KPN Group Corporation Co., Ltd.
2014 – present	Vice Chairman	KPN Tutoring Academy Co., Ltd.
2014 – present	Vice Chairman	KPN Music Academy Co., Ltd.
2014 – present	Vice Chairman	KPN Chinese Academy Co., Ltd.
2014 – present	Director	Innovative Learning and Design (Thailand) Co., Ltd.
2013 – present	Executive Director	KPN Golf Academy Co., Ltd.
2013 – present	Executive Director	INT Aviation Co., Ltd.
2013 – present	Vice Chairman	KPN Tutoring Co., Ltd.
2013 – present	Vice Chairman	KPN Academy Co., Ltd.
2013 – present	Audit Committee/ Independent Director	Finansa Plc.
2010 – present	Audit Committee/ Independent Director	Matching Maximize Solution Plc.
2010 – present	Executive Director	KPN Music Co., Ltd.
2010 – present	Executive Director	Eastern Cuisine (Thailand) 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	Vice Chairman	Sport Society Co., Ltd.
present	Director	KPN Music Chiangmai Co., Ltd.

Period	Position	Company
present	Vice Chairman	Penta Systems Co., Ltd.
present	Director	CBNP (Thailand) Co., Ltd.
present	Director	KPN Innovation Co., Ltd.
present	Director	KPN Sakaguchi Co., Ltd.
present	Director	Siam Chiangmai Co., Ltd.
present	Director	K.E.C.International Co., Ltd.
present	Vice Chairman	Siam Wilson Learning Co., Ltd.
present	Director	K.P.N.Tower Co., Ltd.
present	Director	KPN Lifestyle Co., Ltd.
present	Director	Dudu Nong Co., Ltd.
present	Director	K P N Trading Co., Ltd.
present	Director	KPN Marine Co., Ltd.
2008 – 2016	Director	KPN Music Room Co., Ltd.
2008 – 2016	Director	KPN Music Siam Square Co., Ltd.
2006 – 2014	Director	Computer and Consultant Services Co., Ltd.
2006 – 2014	Director	PS Business Trading Corp.,Ltd.
2006 – 2014	Director	Siam Khonkaen Co., Ltd.
2006 – 2014	Director	MB Business Trading Corp., Ltd.
2003 – 2012	Audit Committee	Prasit Pattana Plc.
2003 – 2012	Independent Director/ Chairman of the Remuneration Committee	Phayathai Hospital 1,2,3
2010	Chief Operating Officer	KPN Group Corporation Co., Ltd.

Director/Management Position in other companies

Listed Company

- Finansa Plc.
- Matching Maximize Solution Plc.

Non-listed company

- Thai AirAsia Co., Ltd.
- Wind Energy Holding Co., Ltd
- KPN Healthcare Plc.
- KPN Holding Co., Ltd
- KPN Group Corporation Co., Ltd.
- KPN Tutoring Academy Co., Ltd.
- KPN Music Academy Co., Ltd.
- KPN Chinese Academy Co., Ltd.
- Innovative Learning and Design (Thailand) Co., Ltd.

Non-listed company (Continues)

- KPN Golf Academy Co., Ltd.
- INT Aviation Co., Ltd.
- KPN Tutoring Co., Ltd.
- KPN Academy Co., Ltd.
- KPN Music Co., Ltd.
- Eastern Cuisine (Thailand) Co., Ltd.
- KPN Award Co., Ltd.
- K.N. and Associates Co., Ltd.
- KPN Music & Entertainment Co., Ltd.
- Siam Koi Co., Ltd.
- Sport Society Co., Ltd.
- KPN Music Chiangmai Co., Ltd.
- Penta Systems Co., Ltd.

Non-listed company (Continues)

- CBNP (Thailand) Co., Ltd.
- KPN Innovation Co., Ltd.
- KPN Sakaguchi Co., Ltd.
- Siam Chiangmai Co., Ltd.
- K.E.C.International Co., Ltd.
- Siam Wilson Learning Co., Ltd.
- K.P.N.Tower Co., Ltd.
- KPN Lifestyle Co., Ltd.
- Dudu Nong Co., Ltd.
- K P N Trading Co., Ltd.
- KPN Marine Co., Ltd.

Other company that compete with / relate to the company

- None -

MR. TASSAPON BIJLEVELD

Director/ Chief Executive Officer (The director who is authorized to sign on behalf of the Company)

The date of appointment: 21 June 2007

Age 49 years

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)
- Directors Accreditation Program (DAP 81), Thai Institute of Directors Association (IOD)
- The Capital Market Academy (CMA 13)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
44.00	-

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.
2015 – present	Director	C and A Entertainment Co., Ltd.
2015 – present	Director	Accellence (Thailand) Co., Ltd.
2015 – present	Director	Information Technology Group Co., Ltd.
2015 – present	Director	Ample Wealth Co., Ltd.
2014 – present	Director	Fashion Asia 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	Director	C True 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

- None -

Non-listed company (Continues)

- Information Technology Group Co., Ltd.
- Ample Wealth Co., Ltd.
- Fashion Asia Co., Ltd.
- Tune Insurance Plc.
- Thai AirAsia X Co., Ltd.
- Ivory Coffee Co., Ltd.

Non-listed company (Continues)

- Evermore Asset Co., Ltd.
- Wealth Ventures Co., Ltd.

Non-listed company

- Thai AirAsia Co., Ltd.
- C and A Entertainment Co., Ltd.
- Accellence (Thailand) Co., Ltd.

Other company that compete with / relate to the company

- None -

MRS. PATTRA BOOSARAWONGSE

Director/ Chief Financial Officer (The director who is authorized to sign on behalf of the Company)

The date of appointment: 23 February 2015

Age 47 years

Education

- 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)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.0006	-

5 years past and present work experience

Period	Position	Company
2015 - present	Director/ Chief Financial Officer	Asia Aviation Plc.
2014 - present	Director/ Chief Financial Officer	Thai AirAsia Co., Ltd.
2012 - 2013	General Manager-Music Division	BEC-Tero Entertainment Plc.
2010 - 2012	General Manager	Sony Music Entertainment (Thailand)
1993 - 2010	Chief Financial Officer	Sony Music Entertainment (Thailand)

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 -

CAPTAIN TANAPAT NGAMPLANG

Director/ Director of Flight Operations (The director who is authorized to sign on behalf of the Company)

The date of appointment: 21 June 2007

Age 59 years

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 (DCP143), Thai Institute of Directors Association (IOD)
- Financial Statement for Directors class 11/2011, Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.16	-

5 years past and present work experience

Period	Position	Company
2007 - present	Director/ Director of Flight Operations	Asia Aviation Plc.
2014 - present	Executive Vice President	Thai AirAsia Co., Ltd.
2003 - 2014	Director 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 RASAMETANIN

Director/ Director of Engineering (The director who is authorized to sign on behalf of the Company)

The date of appointment: 13 December 2011

Age 57 years

Education

- Bachelor of Science in Mechanical Engineering, Royal Thai Air Force Academy
- Directors Certification Program (DCP144), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors Class 11/2011, Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.53%	-

5 years past and present work experience

Period	Position	Company
2007 - present	Director/ Director of Engineering	Asia Aviation Plc.
2014 - present	Executive Vice President	Thai AirAsia Co., Ltd.
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 authorized to sign on behalf of the Company)

The date of appointment: 13 December 2011

Age 54 years

Education

- Bachelor of Science, State University of New York, USA
- Diploma in Science, Kemper Military College, Missouri, USA
- Directors Certification Program (DCP144), Thai Institute of Directors Association (IOD)
- Financial Statement For Directors class 12/2011, Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.48	-

5 years past and present work experience

Period	Position	Company
2011 – present	Director/ 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.
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 authorized to sign on behalf of the Company)

The date of appointment: 13 December 2011

Age 50 years

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)

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.20	-

5 years past and present work experience

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

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 31 DECEMBER 2015

MR. ARAK CHONLATANON

The date of appointment: 11 January 2013
(Details as referred in Asia Aviation Plc.)

MR. NUTTAWUT PHOWBOROM

(Details as referred in Asia Aviation Plc.)

TAN SRI DR. ANTHONY FRANCIS FERNANDES

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

The date of appointment: 19 September 2003

Age 52 years

Education:

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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

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
2014 – present	Director	Big Investment Ltd.
2014 – present	Director	CaterhamJet International Ltd.
2014 – present	Director	roKKi IP Limited (formerly known as roKKi Media Limited)
2014 – present	Director	roKKi Retail Ltd.
2014 – present	Director	Tune Money International Sdn Bhd
2013 – present	Director	Big Duty Free Sdn Bhd

Period	Position	Company
2013 – present	Director	Caterham Moto Racing Ltd.
2013 – present	Director	CaterhamJet Global Ltd
2013 – present	Director	Educ8 Group Sdn Bhd
2013 – present	Director	Rangers Developments Ltd.
2013 – present	Director	Rangers Stadium Development Ltd.
2012 – present	Non Independent, Non Executive Director	Tune Ins Holdings Berhad
2011 – present	Director	Caterham Bikes Ltd.
2011 – present	Director	Caterham Cars Ltd.
2011 – present	Director	Caterham Cars Group Ltd.
2011 – present	Director	Caterham Composites Ltd.
2011 – present	Director	Caterham Enterprises Ltd.
2011 – present	Director	Caterham Merchandising Ltd.
2011 – present	Director	Caterham Technology & Innovation Ltd.
2011 – present	Director	Caterham (UK) Ltd.
2011 – present	Director	CaterhamJet Holdings Pte. Ltd.
2011 – present	Director	Caterhamjet Malasia Sdn Bhd
2011 – present	Director	EQ8 Limited
2011 – present	Director	QPR Asia Sdn Bhd (formerly known as Tune QPR Sdn Bhd)
2011 – present	Director	QPR Holdings Ltd.
2011 – present	Director	The Queens Park Rangers Football & Athletic Club Ltd.
2011 – present	Director	Tune Box Sdn Bhd
2010 – present	Director	Caterham Ventures Sdn Bhd
2010 – present	Director	Dinato Racing Limited
2010 – present	Director	Epsom College Malaysia Sdn Bhd
2009 – present	Director	Asian Contact Centres Sdn Bhd
2009 – present	Director	Due Voci LLC
2009 – present	Director	Kuala Lumpur Education City Sdn Bhd
2008 – present	Director	Aero Ventures Sdn Bhd
2008 – present	Director	Tune Group Sdn Bhd
2008 – present	Director	Tune Service Sdn Bhd
2007 – present	Director	Tune Longhaul Sdn Bhd
2006 – present	Non Independent, Non Executive Director	AirAsia X Berhad
2006 – present	Director	Tune Hotels Sdn Bhd
2006 – present	Director	Tune Hotels Regional Services Sdn Bhd
2006 – present	Director	Tune Money Sdn Bhd
2006 – present	Director	Tune Talk Sdn Bhd
2005 – present	Director	Dragonback Media Interactive Sdn Bhd
2005 – present	Director	Tune Group.com Ltd.
2005 – present	Director	Tune Hotels.com Ltd.
2004 – present	Director	AirAsia Go Holiday Sdn Bhd
2004 – present	Director	AirAsia (Mauritius) Limited
2002 – present	Director	Crunchtime Culinary Services Sdn Bhd

Period	Position	Company
2001 – present	Director	Tune Air Sdn Bhd
2000 – present	Director	Tuneasia.com Sdn Bhd
1998 – present	Director	Intellectual Property Protection Sdn Bhd
present	Director	AirAsia Inc.
present	Commissioner	PT Indonesia AirAsia
2012 – 2014	Director	Caterham Tech (M) Sdn Bhd
2012 – 2014	Director	Think Big Digital Sdn Bhd
2012 – 2013	Director	Star Publications (Malaysia) Berhad
2011 – 2014	Director	Asian Aviation Centre of Excellence Sdn Bhd
2011 – 2014	Director	Tune Live Sdn Bhd
2011 – 2013	Director	AirAsia Japan Co., Ltd.
2011 – 2012	Non Independent, Non Executive Director and Member of Executive Committee	Malaysian Airline System Bhd
2010 – 2014	Director	Tune Studios Sdn Bhd
2009 – 2014	Director	1 Malaysia Racing Team Sdn Bhd
2009 – 2013	Director	Yayasan Satu Malaysia
2007 – 2014	Director	Tune Tones Sdn Bhd
2006 – 2012	Director	Tune Sport Sdn Bhd

DATO KAMARUDIN BIN MERANUN

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

The date of appointment: 12 November 2003

Age 54 years

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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

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
2014 – present	Director	AirAsia Global Shared Services Sdn Bhd
2014 – present	Director	BIG Investments Ltd.
2014 – present	Director	CaterhamJet International Ltd.
2014 – present	Director	roKKi Retail Ltd.
2014 – present	Director	roKKi IP Ltd. (formerly known as roKKi Media Ltd.)
2014 – present	Director	Rokki Shop Sdn Bhd
2014 – present	Director	Think Big Digital Sdn Bhd
2014 – present	Director	Tune Money International Sdn Bhd
2013 – present	Director	Big Duty Free Sdn Bhd
2013 – present	Director	Caterham Moto Racing Ltd.
2013 – present	Director	CaterhamJet Global Ltd.
2013 – present	Director	Educ8 Group Sdn Bhd
2013 – present	Director	Rangers Developments Ltd.
2013 – present	Director	Rangers Stadium Development Ltd.
2013 – present	Non-Independent, Executive Chairman	Tune Ins Holdings Berhad
2012 – present	Director	DCS Energy Sdn Bhd
2012 – present	Director	Epsom College Malaysia Sdn Bhd
2011 – present	Director	Caterham Bikes Ltd.
2011 – present	Director	Caterham Cars Ltd.
2011 – present	Director	Caterham Cars Group Ltd.
2011 – present	Director	Caterham Composites Ltd.
2011 – present	Director	Caterham Enterprises Ltd.
2011 – present	Director	Caterham Merchandising Ltd.
2011 – present	Director	Caterham Technology & Innovation Ltd.
2011 – present	Director	Caterham (UK) Ltd.

Period	Position	Company
2011 – present	Director	CaterhamJet Holdings Pte. Ltd.
2011 – present	Director	Caterhamjet Malasia Sdn Bhd
2011 – present	Director	EQ8 Ltd.
2011 – present	Director	QPR Holdings Ltd.
2011 – present	Director	The Queens Park Rangers Football & Athletic Club Ltd.
2011 – present	Director	Tune Box Sdn Bhd
2011 – present	Director	QPR Asia Sdn Bhd (formerly known as Tune QPR Sdn Bhd)
2010 – present	Director	Caterham Ventures Sdn Bhd
2010 – present	Director	Dinato Racing Ltd.
2010 – present	Director	Kuala Lumpur Education City Sdn Bhd
2010 – present	Director	Tune Group.com Ltd.
2010 – present	Director	Tune Studios Sdn Bhd
2010 – present	Director	Tune Tones Sdn Bhd
2009 – present	Director	Due Voci LLC
2009 – present	Director	Intrinsic Capital Management Sdn Bhd
2008 – present	Director	Aero Ventures Sdn Bhd
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 Regional Services Sdn Bhd
2008 – present	Director	Tune Service Sdn Bhd
2008 – present	Director	Sofa Al Azhar Sdn Bhd
2007 – present	Director	New Haven Resort Sdn Bhd
2007 – present	Director	Tune Hotels Sdn Bhd
2007 – present	Director	Tune Longhaul Sdn Bhd
2007 – present	Director	Tune Money Sdn Bhd
2007 – present	Director	Tune Talk Sdn Bhd
2006 – present	Non Independent, Non Executive Director	AirAsia X Berhad
2006 – present	Director	All Agile Industries Sdn Bhd
2006 – present	Director	Yayasan Pendidikan Titiwangsa
2005 – present	Director	Dragonback Media Interactive Sdn Bhd
2005 – present	Director	Tune Hotels.com Ltd.
2005 – present	Director	Tuneasia.com Sdn Bhd
2005 – present	Director	Wheatley Sdn Bhd
2004 – present	Director	AirAsia (Mauritius) Ltd.
2004 – present	Director	AirAsia Go Holiday Sdn Bhd
2003 – present	Director	Chester 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

Period	Position	Company
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	Meranun 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
2012 – 2014	Director	Caterham Tech (M) Sdn Bhd
2011 – 2014	Director	Tune Live Sdn Bhd
2011 – 2013	Director	AirAsia Japan Co.,Ltd.
2011 – 2012	Non Independent, Non Executive Director and Member of Executive Committee	Malaysian Airline System Bhd
2009 – 2014	Director	1 Malasia Racing Team Sdn Bhd

MR. TASSAPON BIJLEVELD

The date of appointment: 19 September 2003
(Details as referred in Asia Aviation Plc.)

MRS. PATTRA BOOSARAWONGSE

The date of appointment: 23 February 2015
(Details as referred in Asia Aviation Plc.)

MR. SANTISUK KLONGCHAIYA

The date of appointment: 23 February 2015
(Details as referred in Asia Aviation Plc.)

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 31 DECEMBER 2015

MR. TASSAPON BIJLEVELD

Chief Executive Officer

(Details as referred in Asia Aviation Plc.)

CAPTAIN TANAPAT NGAMPLANG

Executive Vice President

The date of appointment: 3 March 2014

(Details as referred in Asia Aviation Plc.)

MR. PREECHAYA RASAMETANIN

Executive Vice President

The date of appointment: 3 March 2014

(Details as referred in Asia Aviation Plc.)

MRS. PATTRA BOOSARAWONGSE

Chief Financial Officer

The date of appointment: 3 March 2014

(Details as referred in Asia Aviation Plc.)

M.L. BOVORNOVADEP DEVAKULA

Head of Business Development

(Details as referred in Asia Aviation Plc.)

MR. SANTISUK KLONGCHAIYA

Head of Commercial and Ancillary

(Details as referred in Asia Aviation Plc.)

CAPTAIN SURAPUN PATOOMWAT

Head of Flight Operations

The date of appointment: 3 March 2014

Age 56 years

Education

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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.0041	-

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: 3 March 2014

Age 48 years

Education

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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.0031	-

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: 3 March 2014

Age 42 years

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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

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: 7 August 2014

Age 48 years

Education

- Civil Aviation Training Centre of Thailand

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

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: 2 October 2014

Age 47 years

Education

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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
0.0024	-

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: 2 October 2014

Age 39 years

Education

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

Number of Shares and Percentage of Asia Aviation PLC (%) ¹	Relationship with other Management ²
-	-

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.

¹ Including the shareholding from spouse and minor child

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

CORPORATE GOVERNANCE

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 ORGANIZATION 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, as prescribed by the Stock Exchange of 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 2015, the practices under the Corporate Governance policy in each section are reported as follows:

Section 1 Rights of Shareholders

Asia Aviation is aware of and prioritizes 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.
- 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 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 impose 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.

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, alongwith 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 2015 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 2015 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 2015 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 covers 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: (66) 2562 5700

Fax: (66) 2562 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 organized by various entities. The Company also holds joint activities with SET to meet retail investors and has Press Conference and Press Release to publicize 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 2014 - 2015, investor relation activities are summarized as follows:

Activities	2014 (times)	2015 (times)
International Roadshow	6	7
Domestic Roadshow	7	9
Analyst meeting	4	4
Company Visit / Conference call	44	54
E-mail / Phone calls	4-5 times daily	4-5 times daily
Joint activities with SET and other agencies to meet investors	2	4

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.
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 before the date of submission of the application for the issue of newly issued shares to the SEC. 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 before the date of submission of the application for the issue of newly issued shares to the SEC.

Qualifications of Independent Directors

The Independent Directors shall possess all the qualifications required by the Capital Market Supervisory Board and the Stock Exchange of 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:

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);

(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 before the date of submission of the application for the issue of newly issued shares to the SEC;
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 before the date of submission of the application for the issue of newly issued shares to the SEC;
7. Not being a Director nominated to be a representative of a Director of Asia Aviation, major shareholder or shareholder 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 Terms 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 terms of positions are 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 Directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, 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 judgment 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 organize 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 keeping 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 and Management, 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).

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 compliance with 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 realizes 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 at least annually. 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. 1/2016, held on February 25, 2016, 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 2015 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 a 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 organize 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 AirAsia'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 organizations, for example, Director Training by the Thai Institute of Directors that the SEC requires Directors of registered companies to participate at least in one program, 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. Organizing 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. The company secretary summarizes 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 SEC, 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 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), 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 2015

Audit Fee

In 2015, Asia Aviation and its subsidiary paid the audit fee of 4.60 million baht to the office of the Auditors, comprising Asia Aviation and subsidiary's audit fees of 1.00 million baht and 3.60 million baht, respectively. No other audit fee had been paid to the auditors or related parties to the auditors and the Auditors' office.

Non-Audit Fee

Asia Aviation and its subsidiary paid total non-audit fee for the special purpose review and advisory service was 0.69 million baht. No the expense of undelivered work for the year 2015.

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.

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2015

The Triple A Cash Management Bank in Thailand
The Triple A Trade Finance Bank in Thailand
from The Asset

2015

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from The Alpha Southeast Asia

2015

The Best Payment Service
Provider in Thailand
from BOT Conference on Thailand's
Payment Awards 2015

2015

The Best Local Trade Finance Bank In Thailand
from Global Trade Review

We are honored to receive our latest award for "Best Payment Service Provider in Thailand" in recognition of our e-Payment Services from the Bank of Thailand at the latest BOT Conference Thailand's Payment Awards for developing the best Digital Payment system in Thailand.

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CORPORATE SOCIAL RESPONSIBILITY (CSR)

SINCE THE LAUNCH OF THAI AIRASIA, THE AIRLINE HAS BEEN STRONGLY ENTRUSTED AMONG THE PUBLIC AND SOCIETY. THE AIRLINE HAS CONTINUALLY INITIATED ACTIVITIES AND PROJECTS ACROSS THE COUNTRY THAT HAVE POSITIVELY IMPACTED THE COMMUNITY IN VARIOUS WAYS. IN 2015, THAI AIRASIA FOCUSED ON ENCOURAGING EMPLOYEES TO PARTICIPATE IN A VARIETY OF CSR ACTIVITIES AS A COMPANY THAT STRIVES TO INSTILL A COLLECTIVE SENSE OF RESPONSIBILITY IN THE COMMUNITIES WITHIN OUR DESTINATIONS.



RESPONSIBILITY TOWARDS
OUR CONSUMERS



ENVIRONMENTAL
CARE



COMMUNITY AND SOCIAL
DEVELOPMENT



INNOVATION



RESPONSIBILITY TOWARD
EMPLOYEES



HUMAN RIGHTS POLICY



INTELLECTUAL PROPERTY RIGHT
POLICY AND PRACTICE



ANTI-CORRUPTION
POLICY

RESPONSIBILITY TOWARDS OUR CONSUMERS

In 2015, Thai AirAsia continued to pursue its operation under the “Truly Low Fares, Trusted Quality” concept. Apart from being a leading low-fare airline, the Company is also committed to the excellent quality of service, especially when it comes to punctuality, safety, a wide range of routes and the best responsibility towards consumers. In 2015, the Company added five brand new Airbus A320 with a seating capacity of 180 seats, which resulted in a total fleet of 45 aircraft by the end of 2015. All aircraft were brand new and directly flown from Airbus’s world class Final Assembly Line and Headquarters in Toulouse, France.

Thai AirAsia has streamlined the aircraft maintenance and safety training to cover all relevant departments, including

pilots, crew members, and aircraft engineers. It also provides training to prepare for emergency situations. To ensure that the airline’s reliable monitoring systems comply with the Safety Management Standard for the Aerospace Industry, safety inspections are conducted twice yearly by agencies that monitor aviation standards as well as regulatory agencies from other countries who perform safety audits on a regular basis.

When it comes to service, Thai AirAsia understands that consumers come first, as the airline takes seriously a commitment to low fares and reliable, friendly and punctual service. In 2015, Thai AirAsia received the On-Time Performance Service Awards by Flightstats, affirming the company’s ability to operate efficiently.



Thai AirAsia provides quick and efficient communication to passengers about information regarding flight cancellation or postponements. Communication channels include email, text message (SMS) and telephone calls. Apart from these channels, the customer can also seek additional information at the check-in service counter. In the case of any unexpected events that preclude flying, Thai AirAsia takes care of all passengers in accordance with international passenger care standards by providing them with accommodation, food and shuttle service to the airport, in order to ensure that passengers are provided with satisfactory and fair service.

Thai AirAsia also focuses on communication about the airline's business model. Service charges are informed clearly in all distribution channels so consumers can easily understand and select services that match their needs. The airline's low fares and attractive promotions continue to draw the interest of travelers who are constantly seeking excellent value.

ENVIRONMENTAL CARE

Thai AirAsia is a low fare airline that supports environmental causes. In addition to efficient cost management, we also intend to take care of the environment locally and globally.

By selecting the Airbus A320 model for the entire fleet, AirAsia uses brand new aircraft, many of which are equipped with Airbus's "Sharklet" wingtip devices which efficiently fly with a 3% reduction in fuel burn. The first Airbus A320 Neo aircraft is expected to be delivered to airline customers by 2016.

In order to reduce the use of paper and ink, AirAsia's baggage identification tag consumes less paper than normal size tags due to its shorter length at 10 inches, compared to the typical 14-21 inch baggage tag. Boarding passes are

also efficiently printed on small size plain paper without any extravagant designs or colors in order to save resources.

An example of how technology and innovation has contributed to AirAsia's environmentally-friendly solutions includes the E-Boarding Pass. Thai AirAsia was the first airline that introduced the E-Boarding Pass for domestic flights which consists of a paperless boarding pass displayed on a mobile phone that can be used to board the flight without any printed documents.



Furthermore, in order to reduce wastage, Thai AirAsia encourages passengers to pre-book their meals before their flight. Passengers benefit from choosing from a larger variety of meals while the airline can provide food and services that meet the actual need of passengers. At the same time, pre-booked meals result in the reduction of wastage while also reducing fuel consumption.

COMMUNITY AND SOCIAL DEVELOPMENT

The role of community and social development has been strongly emphasized by Thai AirAsia. Since the airline flies to all regions of the country, Thai AirAsia has joined various local activities throughout the year.

Conservation of Thailand's Cultural Heritage

"Thai AirAsia Young Cultural Ambassadors"

Thai AirAsia continues to promote and support Thai National Artists of all disciplines, by facilitating travel for these National Artists who are responsible for fulfilling a mission of passing on and keeping various Thai cultural traditions alive for the next generation of youngsters.

Thai AirAsia's Young Cultural Ambassadors are recruited to participate in a training camp where they learn from master artists who are able to pass on their wisdom and knowledge to the participants. As a result of the training the Thai AirAsia Young Cultural Ambassadors are also representatives for Thailand to promote Thai folklore, in collaboration with artists from Ubon Ratchathani University's faculty of the Dramatic Arts and Drama, Faculty of Humanities and Social Sciences.

Throughout 2015, Thai AirAsia Young Cultural Ambassadors have performed on local and international stages including the Thai Festival in Tokyo during May 15 - 17, 2015 in Tokyo, Japan, the Thailand and Indonesia Youth Cultural Exchange during June 3 - 6, 2015 in Bali, Indonesia, and the Thai Festival in Seoul 2015 during August 28 - 30, 2015 in Seoul, South Korea.



Community-Based Tourism Promotion and Development

“English on Air: Fairy Classroom, Language Training, Community Development”

Thai AirAsia recognizes the importance of promoting and developing community-based tourism (CBT), which has become more popular among both Thai and foreign tourists. The “English on Air” initiative was held to improve the ability of communities to use English in order to expand community-based tourism. Activities involve teaching English to various communities in collaboration with the faculty of Chulalongkorn University who designs the English language syllabus for the community-based tourism course. Participants mainly include Thai AirAsia representatives and volunteers from all departments who volunteer their time to teach English to the community locals.

The chosen communities are based on the readiness of the community to become a CBT tourist destination, along with their readiness to welcome tourists and the need for English skills. English on Air targets home stay operators, minor CBT-related operators, local guides and youth. The activities in 2015 were held continually in three following areas including Ban Hua Thung of Chiang Mai, Ban Kuka Sign of Roi-Et, and Ban Prom Lok of Nakhon Si Thammarat.

Promotion and Contribution of Thailand's Education

“Connecting our Wisdoms”

Under the commitment to become part of the educational development for Thai youth, Thai AirAsia in collaboration with the Book for Thailand Foundation, held activities to promote Thai education under the “Connecting our Wisdoms” project for two consecutive years, aiming to enhance positive reading habits to Thai youth.

The Book for Thailand Foundation is a nonprofit organization with the aim to promote and encourage the use of libraries in the country. In doing so, the Book for Thailand Foundation accepts donations of English textbooks from overseas 4-6 times each year, and up to 50,000 copies of English textbooks are donated. The Book for Thailand Foundation opens the opportunity for various agencies and institutions across the country to access donated books. However, a slight obstacle lies in the availability and transportation costs in delivering books to different areas. Due to inadequate storage space, the books need to be efficiently delivered.

Thai AirAsia recognizes the importance of such issues, and has contributed by transporting books to educational institutions in need in over 10 provinces across the country. In 2015 more than 70,000 copies of books are transported and delivered by Thai AirAsia.



Aid in case of disasters

AirAsia Group and Thai AirAsia together fund raised for the earthquake victims in Nepal through the “To Nepal with Love” project, held in Thailand during May 12 - 31, 2015.

Passengers onboard AirAsia were invited to donate money through donation boxes placed on all flights and airports that AirAsia operate from. Throughout the project, Thai AirAsia gathered a total of Baht 3,467,538.35 in donation which was then donated to the Thai Red Cross who passed the proceeds to the Nepal Red Cross Society for relief efforts and for those who were facing a food, water and medicine shortage.

Thai AirAsia also provided special flights to assist the people of Nepal by dispatching staff and equipment needed in Nepal.

Travel Support and Educational Trips for Rural Youth

Thai AirAsia together with the Royal Thai Marine Corps, Sattahip Naval Base, and the Tourism Authority of Thailand of Rayong Province held a project to take a total of sixty rural students aged between 12-15 years from Chiang Mai and Udon Thani traveled for the first time to U-Tapao Airport, along with tour study activities so that the young participants learn the history of the Royal Thai Navy, the Royal Thai Marine Corps, Sattahip Naval Base, and Rayong.



All youth participants had a chance to board the HTMS Chakri Naruebet: CVH-911 at U-Tapao Airport, learn the history of the Museum of the Marine Corps, and visit the important attractions of Rayong such as the Soonthornphu Monument. The activity was held between November 27 – 29, 2015.

Sports Contribution

Thai AirAsia is proud to provide opportunities for youth and Thai athletes to experience competitions that take place in Thailand and around the world.

- The airline supports the Football Association of Thailand (FAT) under the Patronage of His Majesty the King in order to contribute to the development of football in Thailand. A total of 19 teams are sponsored including those in the Thai Premier League. The athletes travel by AirAsia to both domestic and international routes. With excellent connectivity, allows are able to save travel time and arrive to their competition destinations with more convenience.



- The airline supports the Thailand Volleyball Association by serving the entire team of athletes, coaches and officials involved in the competitions. Thai AirAsia is also the prime sponsor of the AirAsia Volleyball Youth for the under-14 year category to allow young athletes access to the best training and competition opportunities.
- Youth tennis athletes under the “4th Fly to your Dreams with AirAsia” project have opened the door for many young athletes by allowing them to travel to different countries to collect international-level points.
- Thai AirAsia also sponsors “Banthongyod Badminton Club”, a development center for badminton youth that has been responsible for the international success of Ratchanok Intanon (nicknamed “Nong May”), and T-Thailand Family Club.

Thai AirAsia contributes a variety of sports both locally, nationally, and internationally, as well as the long-tailed boat traditional competition in different provinces, running marathon events and bike races.

Contribution and Promotion of Community Products for Distribution on Board

As an airline with excellent connectivity nationwide, Thai AirAsia contributes to the distribution channels for community goods and products for both Thai and foreign

visitors. In 2015, Thai AirAsia introduced community goods to be distributed on board including chocolate dipped solar-dried banana from Phitsanulok province, cashew nuts from Phuket, Muser Coffee of Tak Province, and other locally produced items.

INNOVATION

Thai AirAsia is truly regarded as an airline of innovation, aiming to facilitate passengers and promote the operational efficiency of the airline in various aspects, including:

- *Self-check-in service* : Passengers can opt to pursue self check-in via the website, mobile app, or at the check-in kiosk, which is a faster and more convenient option. They may print their boarding passes from their personal printers at home or at the self check-in kiosk.
- *Pre-order meals and pre-book extra service*: Over 20 items are available on the inflight menu. Passengers are encouraged to pre-book their meals prior to departure. In addition, the passengers can also choose other extra services such as check-in baggage weight, comfort kits, hot seats, tickets for a shuttle service from the airport to the city, and so on.



- *Island Transfer - City Transfer*: To travel with the airline is no longer limited to just destination airports. The passengers can purchase a ticket from the airport terminal to travel to the islands or cities other than routes provided by the airline. Passengers can purchase their island transfer or city transfer in order to easily catch a bus from the nearby airport destination.

- *Fly Thru*: Thai AirAsia has launched the Fly-Thru service which is a convenient transit service for those who wish to make connecting flights via Don Mueang Airport. With Fly Thru service, the passengers can enjoy the convenience of checking through their baggage to the final destination. This also enables people to easily experience AirAsia's excellent connectivity and destinations beyond Bangkok.



Thai AirAsia and all employees take great pride in being able to contribute and give back to the community. In 2015, the company firmly insisted on going forward to develop social activities that create sustainability, job creation, and income distribution to local communities. At the same time, the airline will continue to offer low fares and make air travel affordable and accessible to everyone.

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.

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 organization/ as well as employees and community, bringing forth the unity of the group and leading to happiness at work in the organization 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, reading for the blind, volunteer rescue 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 favor of their interest in physical exercise, sponsored by Thai AirAsia for various activities, including running for health, yoga practice, badminton, futsal, and golf tournament, etc.
- *Annual sports event:* employees are able to express creativity, commitment toward sports contest and cheering team contest to develop sportsmanship, learn leadership and followership, as well as forgiveness among fellow employees. The sports focus on enjoyment and troubleshooting as team
- *Annual dinner and festive New Year event:* to nourish the good spirit of the employees and to thanks from Thai AirAsia and Management, and employees who have been working diligently, the annual dinner and festive New Year event is help to provide all employees across the country to have an opportunity to meet to build goodwill relationships between staffs and Management.



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 organization. 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 Familiarization
- 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 2015, 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 organization.

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

- Safety Always 2015 program which aims at creating the organization-wide culture of safety.
- Behavior based safety activity that creates positive approach by safety officer together with heads of units to observe employees' behavior, with praise for safety behavior and caution for risky behavior, and constant follow-up on risky behavior to achieve the sustainable "safety culture". At the start of the program (January 2015), the percentage of safety behavior was 97.27, and at the end of the program (December 2015), the percentage of safety behavior was 99.77
- "Greeting, Praising, Warning" activity focus on every staff and superior to applaud anyone who perform their work with safety and warn one another when insecure operations are found. In addition, superior and staff should jointly find solutions to attain their safe operations so as to promote the culture of safety work.
- 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 2015, there was a total of 48 reports on hazards.

- Kiken Yoshi Training (KYT) to train each employee to analyze 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.
- 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.
- Emergency exercise for some areas with Don Mueang Airport (DMK – EMEX 15) as a preparation in handling the emergency and the communication and coordination plan between emergency responsive team of Thai AirAsia and related agencies at Don Mueang Airport.
- 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, and team leader level.
- Crew Resource Management training for pilots and cabin crew annually.
- Safety Emergency Procedure training for pilots and cabin crew annually.
- Fire extinguishing 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 2015 to 0.47 per 1,000 outbound flights, decreased from 0.49 and 0.65 in 2014 and 2013 respectively.

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 2015 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 labor, forced labor, or breach of labor 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 organization structure with clear segregation of responsibilities, working process, chain of command in each organization 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 authorized 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, analyze, 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 2015, the team analyzed 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 organization 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. 1/2559 on February 25, 2016, 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 authorization. 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 2015 in auditing various organizations 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 Tantiwiwat 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 realizes 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, analyzing, 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 organization culture that is communicated and assigned to the Management and all employees to realize 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.

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 Board of Directors.
 - 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 Company's Board of Directors, Audit Committee, and other relevant unit.
 - Process owners identify, analyze, manage and evaluate risks in their own areas of responsibilities.
2. The aim is to summarize 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:

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 organization'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 categorize 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 organizational 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 December 31, 2015 and 2014, 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
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited 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.			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.
(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	3,287,360,724	2,702,329,210	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.
(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	1.2 Revenue that IAA received on behalf of TAA Receivable from receipts on behalf – IAA	140,842,833	331,449,719	Pricing: - Reimbursed on actual receipts on behalf of.
(4) Thai AirAsia X (TAAX)	TAAX has three Directors who are also Directors in TAA; Mr. Tassapon Bijleveld, Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun. Mr. Tassapon Bijleveld 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.	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 TAAX received on behalf of TAA Receivable from receipts on behalf – TAAX	184,123,680 204,266,032 54,621,092 726,029,652 710,181,439 9,146,025 9,146,025	40,669,951 - - - - - -	Payment term: within 30 days 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.

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(5) 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.	1.6 Revenue that PAA received on behalf of TAA	7,802,037	-	
		Receivable from receipts on behalf – PAA	8,142,366	-	
(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.	1.7 Revenue that IAAX received on behalf of TAA	776,010	-	
		Receivable from receipts on behalf – IAAX	778,867	-	
(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.	1.8 Revenue that TAA received on behalf of AAB	1,252,622,431	579,198,442	
		Payable from receipts on behalf – AAB	671,997,246	84,722,830	
		1.9 Revenue that TAA received on behalf of IAA	273,906,167	-	
		Payable from receipts on behalf – IAA	198,454,318	-	
		1.10 Revenue that TAA received on behalf of AAX	463,444,941	240,094,832	
		Payable from receipts on behalf – AAX	468,843,406	11,247,505	
		1.11 Revenue that TAA received on behalf of TAAX	1,022,277,161	351,909,649	
		Payable from receipts on behalf – TAAX	311,508,819	29,806,714	
		1.12 Revenue that TAA received on behalf of PAA	19,990,991	-	
		Payable from receipts on behalf – PAA	19,909,276	-	
		1.13 Revenue that TAA received on behalf of AAI	551,921	-	
		Payable from receipts on behalf – AAI	554,965	-	
		1.14 Revenue that TAA received on behalf of IAAX	11,050,311	-	
		Payable from receipts on behalf – IAAX	9,366,815	-	

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
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited 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.			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.		467,754,403	175,900,768	
(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.	2.1 TAA makes advance payment on behalf of AAB Receivable on advance payment – AAB	354,706,978	99,165,278	Pricing: Reimbursement based on actual advance payment or in portion according to the agreed allocation.
(4) Thai AirAsia X (TAAX)	TAAX has three Directors who are also Directors in TAA; Mr. Tassapon Bijleveld, Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Tassapon Bijleveld 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.	2.2 TAA makes advance payment on behalf of IAA Receivable on advance payment – IAA	15,213,622	3,934,675	Payment term: within 30 days
		2.3 TAA makes advance payment on behalf of AAX Receivable on advance payment – AAX	10,386,424	147,325,410	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	12,102,608	-	
		2.5 TAA makes advance payment on behalf of PAA Receivable on advance payment – PAA	63,980,371	287,924,016	
			51,701,243	-	
			4,262,995	-	
			4,335,942	-	
		2.6 TAA makes advance payment on behalf of AAI Receivable on advance payment – AAI	84,613	-	
			85,071	-	

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(5) 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.	2.7 TAA makes advance payment on behalf of IAAX	48,393	-	
		Receivable on advance payment – IAAX	48,395	-	
(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.	2.8 TAA makes advance payment on behalf of Tune Insurance	8,520,107	-	
		Payable on advance payment – Tune Insurance	8,520,107	-	
(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.	2.9 AAB makes advance payment on behalf of TAA	477,282,630	624,855,309	
		Payable on advance payment – AAB	505,733,447	77,242,202	
		2.10 IAA makes advance payment on behalf of TAA	29,324,991	535,871	
		Payable on advance payment – IAA	37,662,103	11,385,683	
		2.11 AAI makes advance payment on behalf of TAA	2,464,274	-	
		Payable on advance payment – AAI	3,857,667	-	
		2.12 AAX makes advance payment on behalf of TAA	7,153,151	1,620,750	
		Payable on advance payment – AAX	6,443,711	-	

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
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited which holds 45% equity interest in TAA.	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) 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.	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 2015 and 2014.
(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.	3.1.1 Interest income AAB Outstanding net receivable – AAB Interest income receivable – AAB	- - -	3,474,759 - -	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.
(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.	3.1.2 Interest income – IAA Outstanding net receivable – IAA Interest income receivable – IAA 3.1.3 Interest income – AAI Outstanding net receivable – AAI Interest income receivable – AAI 3.1.4 Interest income – AAX Outstanding net receivable – AAX Interest income receivable – AAX	2,428,781 - 12,120,810 1,520,462 - 1,506,600 10,493,465 - 10,397,804	4,817,108 - 10,808,427 - - - - - -	

4. AIRCRAFT LEASE

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(1) AirAsia (Mauritius) Ltd. (AAM)	AAM is a subsidiary of AAB in which AAB hold 100% equity interest.	TAA leases its aircraft (operating lease) from AAM of 31 aircraft and 28 aircraft (as of 31 December 2015 and 2014).			<p>TAA has leased its aircraft from AAM for business operation. AirAsia group has a pooling purchase for higher bargaining power with manufacture.</p> <p>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.</p> <p>Payment term: within 30 days</p> <p>Transaction in the future: Aircraft lease 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.</p>
		Aircraft lease Aircraft lease payable - AAM	4,147,355,311	3,750,883,931	
		Other non-current asset - aircraft lease deposit	-	-	
		Aircraft lease deposit payable - AAM	748,209,343	630,333,888	
			-	-	

5. AIRCRAFT MAINTENANCE

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(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.			<p>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.</p> <p>Maintenance rate: Maintenance rate is quoted per flight hour/ cycle in US Dollar term for a monthly payment and comparable to industry average rate.</p> <p>Payment term: within 30 days</p> <p>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.</p>
		Aircraft maintenance Aircraft maintenance payable - AAM	1,527,210,017	1,502,123,611	
			438,655,270	393,997,290	

6. BOOKING FEE

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited which holds 45% equity interest in TAA.	TAA pays online air ticket booking system fee (booking fee) to AAB.			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	133,141,805	104,976,328	
		Booking fee payable – AAB	61,126,350	10,078,034	
<u>Booking fee rate:</u> 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.					
<u>Payment term: within 30 days</u>					
<u>Transaction in the future:</u> 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
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited 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. Having centralized the product sourcing, AAB will accumulate all demand from AirAsia Group before making a pooling purchase for higher bargaining power with suppliers.			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.
		Purchase of merchandise and equipment	244,699,899	228,167,100	
		Purchase payable - AAB	63,542,936	22,913,613	

8. ADMINISTRATIVE FEE

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited which holds 45% equity interest in TAA.	TAA pays administrative fee to AAB			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.
		Administrative fee	16,595,132	15,649,508	
		Administrative fee payable - AAB	7,225,188	1,324,528	
					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 normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

9. ACCOUNTING STAFF COST ALLOCATION

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited which holds 45% equity interest in TAA.	TAA provides accounting services for AAB and IAA			TAA provides accounting services for companies within AirAsia group by using TAA personnel, in which, TAA will charge back on services provided based on number of aircraft operated.
		9.1 Staff cost allocation - AAB	-	-	
		Staff cost allocation payable - AAB	-	-	
					Pricing: Actual accounting staff cost will be charged back based on number of aircraft of each member within the group plus margin as specified in the service agreement.
		9.2 Staff cost allocation - IAA	-	-	
		Staff cost allocation payable - IAA	15,780,057	18,171,721	
(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.				Payment term: within 30 days
					Transaction in the future: These transactions have been terminate on 30 September 2013.

10. (GAIN) OR LOSS FROM FUEL SWAP AGREEMENT ALLOCATION

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited which holds 45% equity interest in TAA.	TAA has the share of loss (gain) from fuel price swap agreements done through AAB as specified in the fuel swap agreement. Share of loss (gain) 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	1,298,054,586 748,646,841	312,406,466 160,002,199	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. <u>(Gain) or loss allocation:</u> (Gain) loss from fuel price swap agreement will be allocated on a monthly basis by the estimated amount of fuel used by each company. <u>Payment term: within 30 days</u> <u>Transaction in the future:</u> (Gain) loss from fuel swap agreement allocation 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.

11. PILOT TRAINING COST

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(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. <u>Pilot training cost</u> Pilot training cost payable	119,707,049 7,396,530	84,540,826 3,710,479	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. <u>Pricing:</u> At agreement price of different types of the training <u>Payment term: within 30 days</u> <u>Transaction in the future:</u> Pilot training cost 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. BRAND LICENSE FEE TO AIRASIA BERHAD

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(1) AirAsia Berhad (AAB)	AAB is the indirect major shareholder in TAA through AirAsia Investment Limited which holds 45% equity interest in TAA.	TAA paid Brand license fee to AirAsia Berhad. Brand license - Expense Payable on brand license fee - AAB	307,867,500 230,543,203	244,381,651 74,667,584	"From January 2013, TAA will pay AAB for using the brand. "AirAsia". Pricing: At one 1% 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.

13. REVENUE FROM ADMINISTRATIVE FEE FROM INSURANCE PREMIUM

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(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 and Permpoonsub is based on actual receipts. Administrative fee as agreed in the administrative agreement can comparable to market price.
(2) Permpoonsub Broker Co.,Ltd. (Permpoonsub)	Permpoonsub 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 Permpoonsub through Tune Inc Holding Berhad which holds 49% equity interest in Permpoonsub.	13.1 Revenue from administrative from insurance premium - TIMB Insurance Premium Administrative fee Payable on license fee - TIMB 13.2 Revenue from administrative from insurance premium - Permpoonsub Insurance Premium Administrative fee Payable on license fee - TIMB	10,053,723 2,513,431 - 219,100,510 41,929,807 20,672,202	18,292,963 4,573,241 1,876,428 29,527,997 5,315,039 12,836,126	Payment term: within 30 days Transaction in the future: Administrative 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.

14. MANAGEMENT FEE

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(1) Asia Aviation Public Company Limited (AAV)	AAV is majority shareholder of TAA which holds 55% equity interest in TAA.	TAA paid management fee to AAV Management fee Payable on management fee – AAV	25,000,000 -	25,000,000 -	TAA paid management fee to AAV for consultant and management policy which are related to operating company. 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 normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

15. ACCOUNTING FEE

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(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. Accounting service fee Payable on management fee – AGSS	37,644,887 12,428,723	31,371,651 3,865,822	AGSS provide service for people, accounting, and ICT services for AirAsia group. AGSS will calculate services fee by staff head count. 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. Payment term: within 30 days Transaction in the future: Management 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.

16. LOYALTY PROGRAM SERVICE FEE

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2015	2014	
(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			Pricing:
		Payable on Loyalty program service fee – TBD	10,758,306	6,818,567	Loyalty program service fee as agreed in the administrative agreement
		Passenger Revenue	10,758,306	6,818,567	Payment term: within 30 days
		Receivable on Passenger Revenue			Transaction in the future:
			8,759,578	2,786,228	Loyalty program service 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.
			8,759,578	2,786,228	

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' TRANSACTIONS 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 FOR 2015

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. Distorn Vajarodaya and Mr. Nuttawut Phowborom as Directors. The 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.

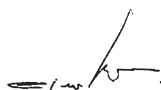
For the accounting period ending 31 December, 2015, the Audit Committee called 5 meetings attended by all members of the Audit Committee. After that, the Audit Committee reported results from the Audit Committee Meeting to the Board of Directors Meeting.

For the accounting period ending 31 December, 2015 the Audit Committee completely perform their duty as specified in the committee charter. The details can be summarized as follows:

1. Reviewed the quarterly and annual financial statements for 2015 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 2015 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 2015 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 31 December 2015, the Audit Committee selected and proposed Mr. Chanchai Chaiprasith, the certified public accountant with registration number 3760; Mr. Khajornkiat Arunpairojanagul, the certified public accountant with registration number 3445; and Mr. Paiboon Tangoon, the certified public accountant with registration number 4298 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 2015 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

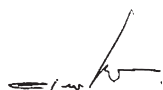
The Board of Directors is responsible for Asia Aviation's financial statements and Asia Aviation and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally 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 31 December 2015. 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

Overview of the global economy in 2015 are as follows; The International Monetary Fund (IMF) estimated global economy growth in 2015 at 3.1% in January 2016. The U.S. economy continued growing due to an increase in household consumption whilst the unemployment rate remained at a low level. Nevertheless, there was a pressure from the dollar's appreciation during the period resulting in a slowdown of industrial sector and exports. Similar to Eurozone economy that steadily recovered, resulting from the rising in household spending which supported by strengthening labour markets. Even though, the terrorist attack in France in November 2015, there was no significant affect to Eurozone economy. Japan economy recovered during the fourth quarter 2015 driven by private investment and domestic consumption. In contrast, China economy continued to slow, particularly in the industrial and manufacturing sectors resulting in the volatility in China stock market and Yuan depreciation. According to the National Bureau of Statistics of China revealed the economic growth in 2015 was at 6.9%, although the People's Bank of China (PBOC) devalued its Yuan currency while the central government had accelerated government expenditures to stimulate its economy. The average crude oil price in 2015 decreased from the prior year as a result of the oversupply of global crude oil.

The Office of the National Economics and Social Development Board revealed the Thailand economic growth for 2015 was at 2.8%. Thai economy in 2015 was sluggish mainly from continual shrink in export sector owing to the slow growth in China economy and the plummeted oil prices that dragged

down the price of oil-related products. However, Tourism was the key industry driving the Thai economy and the government also spurred domestic spending via short-term measures to enhance the economic growth in late this year.

The number of international tourists to Thailand from January to December 2015 increased by 20% over the same period last year. The majority of international tourists are Chinese, which grew by 71% while others had a slightly increase when compared with the same period last year. Hence, the total number of passengers carried of Thai AirAsia in 2015 was at 14.8 million, or increased by 22% compared with the same period last year, higher than the capacity growth of 19%. In 2015, Thai AirAsia has 12 new domestic and international routes : Bangkok(Don Mueang) to Nan, Loei, Roi Et, Buri Ram and Bengaluru as well as Pattaya(U-Tapao) to Nanchang, Nanning, Macau, Singapore, Udon Thani, Chiang Mai and Hat Yai. Additionally, the company took in 5 additional aircraft in 2015, allowing them to end the year with a total of 45 aircraft which increased 5 aircraft when compared with the same period last year.

For the year ended of 2015, Asia Aviation Plc had a net income of Baht 1,078.5 million, sharply increased from the prior year's net income which was at Baht 183.2 million. The increase was primarily due to strong growth of passengers carried at 22% compared with the same period last year and a solid load factor at 81%. Although fuel costs decreased significantly as the aforementioned, the company's performance also was impacted from the weaken Baht against US dollar.

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 2014 and 2015 has been summarised below:

Statement of Comprehensive Income

For the year ended 2015, Asia Aviation Plc had revenues of Baht 29,507.3 million, increased by Baht 4,151.8 million or 16% compared with the same period last year. Moreover, profit before finance costs and income tax amounted to Baht 2,566.4 million. Thus, Net profit attributable to owners of the parent for the year ended 2015 amounted to Baht 1,078.5 million, having a net profit margin of 3.7% and basic earnings was at Baht 0.2224 per share.

Total Comprehensive income attributable to owners of the parent amounted to Baht 1,091.3 million for the year ended 2015, resulting from actuarial gain on defined retirement benefit plan amounted to Baht 29.2 million and income tax relating to components of other comprehensive expense amounted to Baht 5.8 million.

Statement of Financial Position

Assets

As at December 31, 2015, total assets amounted to Baht 52,826.5 million, increased by Baht 3,324.7 million or 7% compared with the year ended December 31, 2014 and the return on assets (ROA) was 2.1%, due to;

- (1) Current assets increased by Baht 1,336.6 million, mainly from an increase in cash and cash equivalents of Baht 1,333.7 million.
- (2) Non-current assets increased by Baht 1,988.1 million, resulting from the aircraft, leasehold improvements and equipment-net which increased by Baht 2,182.8 million, given that 2 aircraft under finance lease agreement

deliveries in 2015 and an increase in Aircraft maintenance reserve. Whereas, the long-term investments decreased as a result of an increase in current portion of 24-month fixed deposit.

Liabilities

As at December 31, 2015, total liabilities amounted to Baht 24,743.3 million, increased by Baht 2,257.4 million or 10% compared with the year ended December 31, 2014, due to;

- (1) Current liabilities increased by Baht 431.7 million, mainly from an increase in amounts due to related parties and current portion of finance lease liabilities of Baht 445.2 million and Baht 302.4 million, respectively. Whilst, deferred revenues decreased by Baht 599.0 million according to the change of customers' behaviour in order to book a ticket in advance.
- (2) Non-current liabilities increased by Baht 1,825.7 million, mainly from finance lease liabilities which increased by Baht 1,657.4 million as taking additional 2 aircraft in 2015.

Shareholders' Equity

As at December 31, 2015, total shareholders' equity amounted to Baht 28,083.2 million, increased by Baht 1,067.3 million, or 4% compared with the year ended December 31, 2014, resulting from the operating results during the period. Nevertheless, Asia Aviation Plc announced the interim dividend payment for the period January 1, 2015 to August 31, 2015 at the rate 0.10 baht per share, totalling Baht 485.0 million and paid to the shareholders on September 29, 2015. In addition, the company recorded a legal reserve amounted to Baht 26.5 million. Hence, an equity attributable to owners of the parent and non-controlling interests ended this year amounted to Baht 20,142.4 million and Baht 7,940.8 million, respectively, with the return on equity (ROE) was 5.4%.

Statement of Cash Flows

For the year ended December 31, 2015, Asia Aviation Plc had net cash generated from operating activities amounted of Baht 3,007.3 million mainly due to operating profit in this period. Net cash generated from investing activities was

Baht 882.8 million mainly from a decrease in short-term and long-term investments while there was an increase in the payments for aircraft expansion and cash at financial institutions pledged as security. Furthermore, net cash used in financing activities was Baht 2,529.1 million from dividend paid, repayment of finance lease and interest paid. As a result, Asia Aviation Plc had net increase in cash and cash equivalents of Baht 1,361.0 million, while the cash and cash equivalents at the end of the period amounted to Baht 6,122.8 million.

Thai AirAsia's financial performance for the year ended 31 December 2014 and 2015 has been summarised below:

Statement of Comprehensive Income

For the year ended 2015, revenues of Thai AirAsia's amounted to Baht 29,507.3 million, increased by 16% from Baht 25,355.5 million in 2014, primarily due to an increase in the number of passengers carried to 14.8 million or 22% growth while the capacity grew by 19% compared with the same period last year. Whilst, the load factor was up by 1 percentage point (ppt) compared with the same period last year to at 81%. Additionally, ancillary revenues in 2015 amounted to Baht 4,851.7 million, rose by 11% compared with the same period last year, mainly from the increase in baggage handling fees, connecting flight (Fly-Thru) fees and In-flight revenues, especially meals and merchandises. Nevertheless, the average fare in 2015 amounted to Baht 1,667 per pax or fell by 3% compared with the same period last years, as fuel surcharge fees has been cancelled since the beginning of the year 2015. Thus, it clearly be shown that the average fare excluded fuel surcharge fees in 2015 was Baht 1,628 per pax, up by 3% from Baht 1,583 per pax in 2014.

Net profit for the year ended 2015 amounted to Baht 1,991.0 million, increased from Baht 335.3 million in 2014. It was primarily due to the plummet in global fuel price, which is benefiting to the company's operating results as fuel costs accounting for 36% of its total expenses. Nonetheless, there was an increase in finance costs from the interest payment of an additional 2 aircraft under finance leases agreements, to totally 14 aircraft by the year ended 2015. In addition, the

company recorded net unrealised loss on exchange rates amounted to Baht 204.8 million, since Thai Baht has been weakened against US dollar throughout the year.

Total comprehensive income for the year ended 2015 amounted to Baht 2,014.4 million, resulting from actuarial gain on defined retirement benefit plan amounted to Baht 29.2 million and income tax relating to components of other comprehensive expense amounted to Baht 5.8 million.

Statement of Financial Position

Assets

As at December 31, 2015, total assets amounted to Baht 29,007.6 million, increased by Baht 3,318.3 million or 13% compared with the year ended 31 December 2014, due to;

- (1) Current assets increased by Baht 1,310.0 million, mainly from an increase in cash and cash equivalents of Baht 1,287.9 million.
- (2) Non-current assets increased by Baht 2,008.3 million, mainly from the aircraft, leasehold improvements and equipment-net which increased by Baht 2,202.7 million, given that 2 aircraft under finance lease agreement deliveries in 2015. Aircraft maintenance reserve also increased whilst the long-term investments decreased as a result of an increase in current portion of 24-month fixed deposit.

Liabilities

As at December 31, 2015, total liabilities amounted to Baht 21,750.5 million, increased by Baht 2,262.2 million or 12% compared with the year ended 31 December 2014, primarily due to;

- (1) Current liabilities increased by Baht 433.2 million, mainly from an increase in amounts due to related parties and current portion of finance lease liabilities of Baht 445.2 million and Baht 302.4 million, respectively. Whilst, deferred revenues decreased by Baht 599.0 million according to the change of customers' behaviour in order to book a ticket in advance.

- (2) Non-current liabilities increased by Baht 1,829.0 million, mainly from finance lease liabilities which increased by Baht 1,657.4 million as taking additional 2 aircraft in 2015.

Shareholders' Equity

As at December 31, 2015, total shareholders' equity amounted to Baht 7,257.1 million, increased by Baht 1,056.1 million or 17% compared with the year ended December 31, 2014, resulted from the operating results during the period. However, Thai AirAsia announced the interim dividend payment at the rate 22 baht per share, totalling Baht 958.2 million and paid to the shareholders on August 19, 2015. In addition, the company recorded a legal reserve amounted to Baht 44.0 million.

Thai AirAsia's Debt-to-Equity ratio (Interest bearing debt) and Net Gearing ratio as at December 31, 2015 were 1.93x and 0.94x, respectively. Thai AirAsia has a policy to manage its Debt-to-Equity ratio less than 2x in order to maintain a strong capital structure in the competitive market,

Statement of Cash Flows

For the year ended December 31, 2015, Thai AirAsia had net cash generated from operating activities amounted of Baht 3,005.3 million mainly due to operating profit in this period. Net cash generated from investing activities was Baht 882.8 million mainly from the decrease in short-term and long-term investments, while there was an increase in the payments for aircraft expansion and cash at financial institutions pledged as security. Furthermore, net cash used in financing activities was Baht 2,572.9 million from dividend paid, repayment of finance lease and interest paid. As a result, Asia Aviation Plc had net increase in cash and cash equivalents of Baht 1,315.2 million, while the cash and cash equivalents at the end of the period amounted to Baht 6,071.4 million.

BUSINESS OUTLOOK

The IMF has toned down global economy growth in 2016 from 3.6% to 3.4% in January 2016. 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:** overall activity remains resilient in the United States supported by still-easy financial conditions and the low level of unemployment rate which resulting in the increase in consumer spending. However, Federal Reserve (Fed) still has a plan to hike the interest rate again during 2016-2017 even though Fed had already raised its interest rate up by 0.25% in December 2015. Hence, the company has set a measure to alleviate interest rate risk from the aircraft financial lease by opting for fixed-rate loan or entering into interest rate swap with financial institution as appropriate. Currently, the company has foreign currency debt with the floating interest rate at approximately 7%, thus, the next hiking interest rate in the near-term will not have a significant impact on company's financial performance.
- 2) **Currency fluctuation:** the company has a part of revenues and expenses in foreign currencies, approximately 60%, such as passenger fares, repair and maintenance as well as aircraft rental. Therefore, the company engage in the natural hedge scheme to prevent the foreign exchange exposure.
- 3) **Fuel costs fluctuation:** crude oil price is expected to remain at a low level but tends to rebound during the second half of 2016 (2H2016). According to the meeting at Qatar in February 2016 between the Organization of the Petroleum Exporting (OPEC) and Non-OPEC, raise a plan to limit the ceiling of oil production level in order to sustain oil price. However, crude oil in the market is still oversupply as China (the world's second largest oil importer) tends to reduce oil consumption owing to sluggish economic growth. Hence, the company is monitoring the changes in situations for factors that can influence the fuel price. To mitigate the risks from fuel price fluctuation is by the fuel price hedging in order to keep the fluctuation in the manageable level. The average effective jet fuel cost in 2016 as of February 25, 2016 is 53 USD per barrel.

According to The Office of the National Economics and Social Development Board, the Thailand economic growth for 2016 is expected to increase by 3.3% driven by the government spending, particularly in infrastructure investment and short-term stimulus, as well as, momentum growth in the tourism industry. Tourism and Sports Ministry expects the number of international tourist arrivals in 2016 to rise over 32 million in January 2016, or increased by 7.0% when compared with the same period last year, mainly driven by the expansion of Chinese tourists and the improvement in the political situation in Thailand. The government not only has a strategy to focus on revenue growth through the quality of tourism sustainability, but also supports the philosophy of sufficiency economy in order to balance between economic, social and environmental. The first quarter is the high season of Thailand tourism and has several holidays such as New Year, Chinese New Year, and Makha Bucha Day.

We expected that the tourists would be robust travel both domestic and international destinations. The aforementioned factors have positive sentiments on the aviation industry and tourism sector.

In 2016, the company set the target of passengers carried up to 16.9 million, with a strong load factor at 82%, and also plans to deliver a new 5 aircraft, totally 50 aircraft within 2016. 1 out of 5 aircraft will be NEO type (New Engine Option), which is expected to save fuel consumption approximately 15% and have lower emissions levels. Moreover, the company also plans to penetrate India and AEC market, while still keeping the market share in Chinese market. Hence, this diversified strategy tend to minimise the risk of dependence on major customers base and to enhance the company's revenue sustainable growth in the future.



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• ให้สิทธิ์ผู้สมัครบัตรหลักเป็นผู้สมัครบัตรรายใหม่ (New Customer) คือไม่เคยถือบัตรเครดิตธนาคารกรุงเทพมาก่อน หากเคยถือและได้ยกเลิกไปแล้ว ต้องยกเลิกแล้วไม่น้อยกว่า 1 ปี • หากสมัครบัตรเครดิตพร้อมกันหลายประเภท ธนาคารจะนับยอดใช้จ่ายผ่านบัตรเครดิตแอเซีย แพลทินัม มาสเตอร์การ์ด ธนาคารกรุงเทพเท่านั้น และนับยอดใช้จ่ายผ่านบัตรหลักและบัตรเสริมรวมกัน • ต้องเป็นรายการใช้จ่ายซื้อสินค้า / บริการจากร้านค้าและสถานที่บริการที่มีการเรียกเก็บเท่านั้น ไม่รวมรายการเบิกถอนเงินสดล่วงหน้า การซื้อหน่วยลงทุน การชำระค่าประกัน การชำระค่าธรรมเนียมทุกประเภท ค่าปรับ และดอกเบี้ยจากการใช้บัตร • คะแนน BIG Points ไม่สามารถโอนเป็น Thank you points แลกของสมนาคุณของธนาคารหรือเงินสดได้ และไม่สามารโอนคะแนนให้สมาชิกบัตรอื่นของธนาคารกรุงเทพได้ • ผู้ถือบัตรจะได้รับคะแนน BIG Points ภายใน 60 วัน นับจากวันที่ผู้ถือบัตรได้ใช้จ่าย ผ่านบัตรตามเงื่อนไขของธนาคาร • ผู้ถือบัตรต้องคงสภาพเป็นสมาชิกบัตรเครดิต และไม่ผิดชำระต่อระยะเวลาการส่งเสริมการขาย • เส้นทางและระยะเวลาของเที่ยวบินฟรี เป็นไปตามเงื่อนไขที่สายการบินแอเซียกำหนด • ผู้ถือบัตรต้องสำรองที่นั่งล่วงหน้า และอาจไม่มีให้บริการในช่วง ที่มีอัตราการเดินทางสูง • ผู้ถือบัตรจะต้องชำระค่าใช้จ่ายอื่นๆ ของเที่ยวบินฟรีด้วยบัตรเครดิตแอเซีย แพลทินัม มาสเตอร์การ์ด ธนาคารกรุงเทพ • ธนาคารสงวนสิทธิ์ในการเปลี่ยนแปลงโปรโมชั่นตามความเหมาะสม โดยไม่ต้องแจ้งให้ทราบล่วงหน้า • กรณีมีข้อโต้แย้ง การตัดสินใจของคณะ กรรมการธนาคารถือเป็นที่สุด

สมัครบัตรได้ที่ พนักงานต้อนรับบนเครื่องบิน และธนาคารกรุงเทพ ทุกสาขา โทร. 0 2638 4000 กด 181 www.bangkokbank.com/creditcard

*โปรดศึกษารายละเอียดเพิ่มเติมจากสื่อประชาสัมพันธ์อื่น

FINANCIAL STATEMENT

ASIA AVIATION PUBLIC COMPANY LIMITED

31 DECEMBER 2015

AUDITOR'S REPORT

To the Shareholders of Asia Aviation Public Company Limited

I have audited the accompanying consolidated and company financial statements of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2015, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited as at 31 December 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

Bangkok
25 February 2016

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	7	6,122,814,644	4,789,064,903	51,437,734	5,632,235
Cash at financial institutions pledged as security		358,741,649	6,109,410	-	-
Short-term investments	8	1,109,230,126	1,492,718,615	-	-
Investments in private funds	9	-	10,480,236	-	-
Trade and other receivables, net	10	439,190,726	631,014,664	-	-
Amounts due from related parties	27.4	326,208,917	68,162,932	-	-
Inventories		94,033,284	96,845,864	-	-
Prepaid expenses		315,699,793	270,989,534	928,847	967,691
Value added taxes receivable, net		-	86,822,474	-	-
Other current assets		63,283,980	40,339,352	1,563,891	901,695
Total current assets		8,829,203,119	7,492,547,984	53,930,472	7,501,621
Non-current assets					
Cash at financial institutions pledged as security		6,441,435	171,192,685	-	-
Long-term investments	11	13,291,300	1,299,268,100	-	-
Investment in a subsidiary	12	-	-	3,067,114,370	3,067,114,370
Aircraft maintenance reserves	27.6	1,066,380,311	-	-	-
Aircraft, leasehold improvements and equipment, net	13	18,216,068,951	16,033,305,083	17,401	24
Intangible assets, net	14	14,868,493,040	14,867,983,340	1	1
Goodwill	15	8,824,825,803	8,824,825,803	-	-
Deferred tax assets, net	18	-	-	1,404,795	2,201,186
Other non-current assets	16	1,001,821,169	812,677,583	-	-
Total non-current assets		43,997,322,009	42,009,252,594	3,068,536,567	3,069,315,581
Total assets		52,826,525,128	49,501,800,578	3,122,467,039	3,076,817,202

The accompanying notes are an integral part of these consolidated and company financial statements.

STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2015

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		335,807,004	175,170,833	-	-
Other accounts payable		194,558,325	192,155,392	-	-
Amounts due to related parties	27.5	917,878,501	472,709,254	-	-
Deferred revenues		4,030,229,013	4,629,227,573	-	-
Accrued expenses		1,516,586,327	1,372,431,680	1,556,800	1,000,000
Current portion of finance lease liabilities	17	1,261,443,422	959,006,292	-	-
Other current liabilities		39,983,783	64,050,869	748,738	2,723,961
Total current liabilities		8,296,486,375	7,864,751,893	2,305,538	3,723,961
Non-current liabilities					
Finance lease liabilities	17	12,775,395,312	11,117,961,859	-	-
Deferred tax liabilities, net	18	3,502,537,265	3,345,639,796	-	-
Employee benefit obligations	20	168,945,620	157,547,925	-	-
Total non-current liabilities		16,446,878,197	14,621,149,580	-	-
Total liabilities		24,743,364,572	22,485,901,473	2,305,538	3,723,961

STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2015

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital					
Ordinary shares, 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	21	485,000,000	485,000,000	485,000,000	485,000,000
Premium on share capital	21	2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings (Deficits)					
Appropriated					
Legal reserve	23	26,510,386	-	26,510,386	-
Unappropriated		17,031,066,832	16,449,402,593	8,842,841	(11,715,033)
Equity attributable to owners of the parent		20,142,385,492	19,534,210,867	3,120,161,501	3,073,093,241
Non-controlling interests		7,940,775,064	7,481,688,238	-	-
Total shareholders' equity		28,083,160,556	27,015,899,105	3,120,161,501	3,073,093,241
Total liabilities and shareholders' equity		52,826,525,128	49,501,800,578	3,122,467,039	3,076,817,202

The accompanying notes are an integral part of these consolidated and company financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Revenues from sales and services	24	29,507,305,473	25,355,514,917	25,000,000	25,000,000
Costs of sales of goods and services		(25,315,075,228)	(23,707,654,246)	-	-
Gross profit		4,192,230,245	1,647,860,671	25,000,000	25,000,000
Net gain on exchange rates		-	126,024,280	-	-
Other income		956,277,752	793,763,630	528,001,129	604,803
Profit before expenses		5,148,507,997	2,567,648,581	553,001,129	25,604,803
Selling expenses		(1,493,977,009)	(1,180,060,295)	-	-
Administrative expenses		(883,380,720)	(744,837,116)	(21,997,008)	(16,267,696)
Net loss on exchange rates		(204,759,134)	-	-	(8,172)
Profit before finance costs and income taxes		2,566,391,134	642,751,170	531,004,121	9,328,935
Finance costs		(457,068,503)	(312,758,626)	-	-
Profit before income taxes		2,109,322,631	329,992,544	531,004,121	9,328,935
Income taxes	19	(151,062,286)	1,279,965	(796,391)	2,201,186
Net profit for the year		1,958,260,345	331,272,509	530,207,730	11,530,121
Other comprehensive income:					
Remeasurements of employee benefit obligations	20	29,175,913	11,685,182	-	-
Income taxes relating to components of other comprehensive income for the year	19	(5,835,183)	(2,337,036)	-	-
Other comprehensive income for the year		23,340,730	9,348,146	-	-
Total comprehensive income for the year		1,981,601,075	340,620,655	530,207,730	11,530,121
Net profit attributable to:					
Owners of the parent		1,078,476,693	183,181,769	530,207,730	11,530,121
Non-controlling interests		879,783,652	148,090,740	-	-
		1,958,260,345	331,272,509	530,207,730	11,530,121
Total comprehensive income attributable to:					
Owners of the parent		1,091,314,095	188,323,249	530,207,730	11,530,121
Non-controlling interests		890,286,980	152,297,406	-	-
		1,981,601,075	340,620,655	530,207,730	11,530,121
Earnings per share					
Basic earnings per share	26	0.2224	0.0378	0.1093	0.0024

The accompanying notes are an integral part of these consolidated and company financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2015

		Consolidated						(Unit: Baht)
		Attributable to owners of the parent						
Notes		Issued and paid-up share capital	Premium on share capital	Retained earnings		Total owners of the parent	Non-controlling interests	Total shareholders' equity
				Appropriated	Unappropriated			
				- legal reserve				
Opening balance as at 1 January 2014								
	Total comprehensive income for the year	485,000,000	2,599,808,274	-	16,261,079,344	19,345,887,618	7,329,390,832	26,675,278,450
		-	-	-	188,323,249	188,323,249	152,297,406	340,620,655
Closing balance as at 31 December 2014		485,000,000	2,599,808,274	-	16,449,402,593	19,534,210,867	7,481,688,238	27,015,899,105
Opening balance as at 1 January 2015		485,000,000	2,599,808,274	-	16,449,402,593	19,534,210,867	7,481,688,238	27,015,899,105
	Total comprehensive income for the year	-	-	-	1,091,314,095	1,091,314,095	890,286,980	1,981,601,075
22	Dividends paid	-	-	-	(483,139,470)	(483,139,470)	(431,200,154)	(914,339,624)
23	Legal reserve	-	-	26,510,386	(26,510,386)	-	-	-
Closing balance as at 31 December 2015		485,000,000	2,599,808,274	26,510,386	17,031,066,832	20,142,385,492	7,940,775,064	28,083,160,556

The accompanying notes are an integral part of these consolidated and company financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)

For the year ended 31 December 2015

Company						(Unit: Baht)
	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficits)		Total	
			Appropriated – legal reserve	Unappropriated		
Opening balance as at 1 January 2014						
Total comprehensive income for the year	485,000,000	2,599,808,274	-	(23,245,154)	3,061,563,120	
	-	-	-	11,530,121	11,530,121	
Closing balance as at 31 December 2014						
	485,000,000	2,599,808,274	-	(11,715,033)	3,073,093,241	
Opening balance as at 1 January 2015						
Total comprehensive income for the year	485,000,000	2,599,808,274	-	(11,715,033)	3,073,093,241	
Dividends paid	-	-	-	530,207,730	530,207,730	
Legal reserve	-	-	-	(483,139,470)	(483,139,470)	
	-	-	26,510,386	(26,510,386)	-	
Closing balance as at 31 December 2015						
	485,000,000	2,599,808,274	26,510,386	8,842,841	3,120,161,501	

The accompanying notes are an integral part of these consolidated and company financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

(Unit: Baht)

		Consolidated		Company	
	Notes	2015	2014	2015	2014
Cash flows from operating activities					
Profit before income taxes		2,109,322,631	329,992,544	531,004,121	9,328,935
Adjustments for:					
Depreciation	13	1,122,269,061	817,881,659	4,123	-
Amortisation	14	4,631,730	5,741,679	-	-
Amortisation of prepaid expenses		401,538,669	122,861,382	2,029,582	2,206,571
Impairment loss		19,805,773	-	-	-
(Gain) loss on disposals and write-offs of leasehold improvements and equipment		1,508,043	(255,597)	-	-
Employee benefit expenses	20	42,178,576	36,235,647	-	-
Net loss on exchange rates		682,138,882	48,254,196	-	8,172
Net gain on fair value adjustment in investments in private funds	9	(27,192)	(13,359,792)	-	-
Finance costs		457,068,503	312,758,626	-	-
Interest income		(118,614,404)	(168,309,331)	(6,856)	(14,616)
Dividends income		-	-	(527,022,166)	-
		4,721,820,272	1,491,801,013	6,008,804	11,529,062
Changes in operating assets and liabilities:					
- Trade and other receivables		98,791,358	91,388,290	-	-
- Amounts due from related parties		(258,718,313)	23,297,623	-	-
- Inventories		(16,993,193)	(6,635,245)	-	-
- Prepaid expenses		(446,248,928)	(49,963,429)	(1,990,738)	(2,255,875)
- Value added tax receivable		86,822,474	(8,135,824)	-	-
- Other current assets		(16,327,056)	5,387,237	99,190	(889,355)
- Aircraft maintenance reserves	27.6	(1,066,380,311)	-	-	-
- Other non-current assets		(189,143,586)	4,970,057	-	-
- Trade accounts payable		160,636,171	22,219,341	-	-
- Other accounts payable		2,402,933	68,022,753	-	-
- Amounts due to related parties		447,153,960	(34,120,961)	-	-
- Deferred revenues		(598,998,560)	330,064,124	-	-
- Accrued expenses		82,952,653	(33,840,419)	556,800	555,624
- Other current liabilities		(24,067,086)	31,566,572	(1,975,223)	(5,396,636)

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 2015

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Cash generated from operating activities		2,983,702,788	1,936,021,132	2,698,833	3,542,820
Income taxes paid		(6,617,572)	(121,134,793)	(761,386)	-
Interest received		31,793,390	34,071,970	6,856	14,616
Employee benefit paid	20	(1,604,968)	-	-	-
Net cash generated from operating activities		3,007,273,638	1,848,958,309	1,944,303	3,557,436
Cash flows from investing activities					
Decrease (increase) in cash at financial institutions pledged as security		(185,297,243)	175,243,919	-	-
Decrease in short-term investments		413,055,602	1,955,909,555	-	-
Decrease in investments in private funds	9	10,507,428	1,035,430,738	-	-
Decrease (increase) in long-term investments	11	1,295,061,800	(1,715,500)	-	-
Proceeds from disposals of leasehold improvements and equipment		1,899,130	1,057,329	-	-
Payments for aircraft, leasehold improvements and equipment		(814,871,642)	(1,266,087,577)	(21,500)	-
Payments for intangible assets	14	(5,141,430)	(4,988,182)	-	-
Interest received		167,569,704	130,521,985	-	-
Dividends received		-	-	527,022,166	-
Net cash generated from investing activities		882,783,349	2,025,372,267	527,000,666	-
Cash flows from financing activities					
Repayments of finance leases		(1,059,103,336)	(704,485,139)	-	-
Interest paid		(555,610,442)	(326,277,187)	-	-
Dividends paid to Group shareholders	22	(483,139,470)	-	(483,139,470)	-
Dividends paid to non-controlling interests	12	(431,200,154)	-	-	-
Net cash used in financing activities		(2,529,053,402)	(1,030,762,326)	(483,139,470)	-

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 2015

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Net increase in cash and cash equivalents		1,361,003,585	2,843,568,250	45,805,499	3,557,436
Cash and cash equivalents at the beginning of the year		4,789,064,903	1,958,637,392	5,632,235	2,082,971
Exchange loss on cash and cash equivalents		(27,253,844)	(13,140,739)	-	(8,172)
Cash and cash equivalents at the end of the year		<u>6,122,814,644</u>	<u>4,789,064,903</u>	<u>51,437,734</u>	<u>5,632,235</u>

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2015 and 2014 are as follows:

Purchases of aircraft spare parts which have not been paid for	138,205,808	14,430,535	-	-
Purchases of aircraft and aircraft engine under finance lease agreements	2,267,749,370	4,475,499,524	-	-

The accompanying notes are an integral part of these consolidated and company financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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.

As disclosed in Note 12, in May 2012, Thai AirAsia Company Limited changed from the Company’s joint venture to a subsidiary under the “Amended and Restated Shareholders’ Agreement”.

The consolidated and company financial statements were authorised for issue by the Board of Directors on 25 February 2016.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and company 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.

2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The consolidated and company financial statements have been prepared under the historical cost convention, except as disclosed otherwise in the accounting policies.

The preparation of consolidated and company 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 company financial statements are disclosed in Note 4.

An English version of the consolidated and company financial statements have been prepared from the consolidated and company 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 company financial statements shall prevail.

2.2 New financial reporting standards and revised accounting standards

New financial reporting standards and revised accounting standards, that are effective in the accounting periods beginning on or after 1 January 2015 and relevant to the Group are as follows:

TAS 19 (revised 2014)	Employee benefits
TFRS 10	Consolidated financial statements
TFRS 13	Fair value measurement

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

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, "Consolidated and separate financial statements". The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

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

The Group's management has assessed and determined that these new financial reporting standards and do not have impact to the consolidated and company financial statements being presented.

2 Accounting policies (Cont'd)

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 company financial statements are presented in Thai Baht, which is the Company's functional and the Group's 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 in the statement of comprehensive income.

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 in the statement of comprehensive income, any exchange component of that gain or loss is recognised in profit and loss in the statement of comprehensive income.

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 Investments in private funds

Investments in private funds comprise fixed deposits, government bonds and debt instruments which are classified as trading investments. The classification is dependent 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.

Trading investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are included in current assets.

The investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised as profit or loss in 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 profit or loss in the statement of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.7 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.

2.8 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.

2 Accounting policies (Cont'd)

2.8 Inventories (Cont'd)

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 the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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.

2.9 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)

2.10 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 Company 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.

2.11 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.

2 Accounting policies (Cont'd)

2.11 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.

2.12 Intangible assets

2.12.1 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 and whenever there is an indicator of impairment.

2.12.2 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 Accounting policies (Cont'd)

2.13 Goodwill

Goodwill represents 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. Goodwill on acquisition of subsidiary is reported in the consolidated statement of financial position as goodwill and is reported in the company statement of financial position as part of the investment in a subsidiary. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested for impairment as part of the overall investment in a subsidiary.

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.

2.14 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 statement of comprehensive income 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 statement of comprehensive income 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.

2.15 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.

2 Accounting policies (Cont'd)

2.15 Current and deferred income taxes (Cont'd)

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.

2.16 Employee benefits

2.16.1 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 to statement of comprehensive income in the year to which they relate.

2.16.2 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.

2 Accounting policies (Cont'd)

2.16 Employee benefits (Cont'd)

2.16.2 Retirement benefits (Cont'd)

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. Actuarial 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.

2.17 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.

2.18 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.

2.19 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.

2 Accounting policies (Cont'd)

2.19 Revenue recognition (Cont'd)

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.

2.20 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.

3 Financial risk management

3.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks, including the effects of changes in fuel price and foreign currency exchange rates. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the 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).

Foreign 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).

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

Interest rate risk

The Group's interest rate risk arises from finance lease liabilities and amounts due to related parties. Finance lease liabilities issued at variable rates and amounts due to related parties issued at fixed rate. 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.

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 statement of comprehensive income 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 contract

The Group entered into forward foreign exchange contract with local financial institution in order to hedge the foreign exchange risk relating to payments to be settled in foreign currencies. As at 31 December 2015, the outstanding contract due for settlement on 24 February 2016 (as at 31 December 2014: 10 March 2015 and 29 June 2015) is as follows:

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Total amount to be received				
US Dollars 9.23 million at rate Baht 35.76 per US Dollar 1	330,210,602	-	-	-
US Dollars 15.14 million at rate Baht 32.24 per US Dollar 1	-	488,245,471	-	-
US Dollars 10.10 million at rate Baht 33.14 per US Dollar 1	-	334,524,996	-	-

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. 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 2015, the notional principal from the agreements amounted to Baht 2,525 million and USD 113 million (2014: Baht 1,090 million), the fixed interest rates were 2.24% - 5.09% (2014: 5.09%) and the floating interest rates were THBFIX1M plus 1.98% - 2.20%, THBFIX6M plus 2.25% and USD LIBOR3M plus 0.56% - 0.83% (2014: THBFIX1M plus 2.20%).

Interest rate swap agreements are due for exchange of the differences in interest amount every month.

Cross currency swap agreement

The Group entered into cross currency swap agreement with local financial institutions in order to hedge both foreign exchange and interest rate risks relating to payments to be settled in foreign currencies. As at 31 December 2015, the outstanding agreement due for settlement on 10 November 2025 (2014: Nil). The notional principal from the agreement amounted to USD 29 million (2014: Nil), the fixed interest rate was 2.64% (2014: Nil) and the floating interest rate was USD LIBOR3M plus 0.70% (2014: Nil).

3 Financial risk management (Cont'd)

3.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that were measured at fair value at 31 December 2015.

	Consolidated		Company	
	Level 2	Level 2	Level 2	Level 2
	USD	Baht	USD	Baht
Assets				
Derivatives used for hedging				
Foreign exchange forward contract	-	3,461,205	-	-
Cross currency swap agreement	-	52,215,877	-	-
Total assets	-	55,677,082	-	-
	Consolidated		Company	
	Level 2	Level 2	Level 2	Level 2
	USD	Baht	USD	Baht
Liabilities				
Derivatives used for hedging				
Fuel price swap agreements	21,775,524	-	-	-
Interest rate swap agreements	-	10,977,944	-	-
Total liabilities	21,775,524	10,977,994	-	-

There were no transfers between levels 1 and 2 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.

Aircraft maintenance under operating leases

The Group has a commitment to maintain aircrafts under operating lease agreements, for which the provision is made throughout the lease term for the rectification obligations contained within the lease agreements. The provision is based on estimated future repair and maintenance costs of major airframe, certain engine maintenance checks and estimated one-off costs incurred at the end of the lease by charging to statement of comprehensive income according to the number of hours flown in each year.

Estimated useful lives and residual values of aircraft frames and engines

The Group annually reviews the estimated useful lives and residual values of aircraft airframes and engines based on key factors concerned such as business plans and strategies, expected level of usage, future technological developments and market prices. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above.

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 to maintain minimum capital investment as specified in each certificate.

6 Segment information

Financial information by business segments

(Unit: Baht)

	2015				
	Scheduled flight operations	Charter flight operations	Other business	Elimination	Total
Revenues from sales and services	27,426,215,857	2,081,089,616	25,000,000	(25,000,000)	29,507,305,473
Profit from operation	1,318,366,219	533,482,892	3,002,992	-	1,854,852,103
Impairment loss					(19,805,773)
Unallocated costs					(20,173,814)
Other income					956,277,752
Net loss on exchange rates					(204,759,134)
Finance costs					(457,068,503)
Profit before income taxes					2,109,322,631
Income taxes					(151,062,286)
Net profit for the year					1,958,260,345
Consolidated total assets					52,826,525,128

	2014				
	Scheduled flight operations	Charter flight operations	Other business	Elimination	Total
Revenues from sales and services	24,179,617,929	1,175,896,988	25,000,000	(25,000,000)	25,355,514,917
Profit from operation	(429,501,229)	163,158,678	8,732,304	-	(257,610,247)
Unallocated costs					(19,426,493)
Net gain on exchange rates					126,024,280
Other income					793,763,630
Finance costs					(312,758,626)
Profit before income taxes					329,992,544
Income taxes					1,279,965
Net profit for the year					331,272,509
Consolidated total assets					49,501,800,578

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.

6 Segment information (Cont'd)

Financial information by business segments (Cont'd)

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		Company	
	2015	2014	2015	2014
Cash on hand	9,678,812	5,599,026	-	-
Deposits held at call with banks	5,292,980,832	4,599,799,877	51,437,734	5,632,235
Short-term bank deposits and bills of exchange with maturity of three months or less	820,155,000	183,666,000	-	-
Total cash and cash equivalents	6,122,814,644	4,789,064,903	51,437,734	5,632,235

The interest rate of deposits held at call with banks was weighted average rate of 0.51% per annum (2014: 0.87% per annum).

As at 31 December 2015, interest rate of short-term bank deposits and bills of exchange with maturity of three months or less was 1.35% - 3.30% per annum (2014: 2.82% per annum).

8 Short-term investments

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Bills of exchange	1,109,230,126	1,492,718,615	-	-

As at 31 December 2015, short term investments comprise bills of exchange of US Dollars 9.99 million and Baht 750.00 million (2014: US Dollars 25.50 million and Chinese Yuan 125.00 million). Bills of exchange have the period of 5-month to 12-month and bear interests at the rates of 0.80% to 2.00% per annum (2014: 2.25% to 4.00% per annum).

9 Investments in private funds

As at 31 December, the Group had securities of investments in private funds as follows:

(Unit: Baht)

	Consolidated		Company	
	Fair value	Fair value	Fair value	Fair value
	2015	2014	2015	2014
Bank deposits	-	10,480,236	-	-
Government bonds	-	-	-	-
Debt instruments	-	-	-	-
Total investments in private funds	-	10,480,236	-	-

The movement of investments in private funds is as follows:

	Consolidated		Company	
	2015	2014	2015	2014
For the year ended 31 December 2015				
Opening net book amount	10,480,236	1,032,551,182	-	-
Additions	-	-	-	-
Disposals	(10,507,428)	(1,035,430,738)	-	-
Fair value adjustment	27,192	13,359,792	-	-
Closing net book amount	-	10,480,236	-	-

10 Trade and other receivables, net

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Trade accounts receivable	354,170,114	255,647,615	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
Trade accounts receivable, net	354,170,114	255,647,615	-	-
Accrued airport incentive	2,843,204	253,027,273	-	-
Accrued income	49,568,722	111,865,263	-	-
Other accounts receivable	32,608,686	10,474,513	-	-
Total trade and other receivables, net	439,190,726	631,014,664	-	-

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

	Consolidated		Company	
	2015	2014	2015	2014
Up to 3 months	340,651,599	216,357,455	-	-
3 - 6 months	7,020,344	3,881,108	-	-
6 - 12 months	726,806	12,291,770	-	-
Over 12 months	5,771,365	23,117,282	-	-
Total trade accounts receivable	354,170,114	255,647,615	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
Total trade accounts receivable, net	354,170,114	255,647,615	-	-

11 Long-term investments

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Opening book amount	1,299,268,100	1,312,007,600	-	-
Additions	1,163,200	1,715,500	-	-
Disposals	(1,296,225,000)	-	-	-
Less Gain (loss) on exchange rate	9,085,000	(14,455,000)	-	-
Closing book amount	13,291,300	1,299,268,100	-	-

As at 31 December 2015, long-term investments comprise:

	Consolidated		
	Held to maturity investment	General investment	Total
Fixed deposits	-	-	-
Equity securities	-	13,291,300	13,291,300
Total long-term investments	-	13,291,300	13,291,300

General investment of the Group is the investment in ordinary shares of Aeronautical Radio of Thailand Limited.

12 Investment in a subsidiary

Details of investment in a subsidiary are as follows:

		Percentage of Shareholding and voting rights			Company	
		2015		2014	Cost method	
		Percent	Percent	Percent	Baht	Baht
Country of incorporation	Nature of business					
Thai AirAsia Company Limited	Thai	Providing a low-fare airline service	55	55	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 11 August 2015, 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 June 2015 at Baht 22 per share (2014: Nil) for 43,555,560 ordinary shares, totaling Baht 958.22 million (2014: Nil). Asia Aviation Public Company Limited received dividend income of Baht 527.02 million according to the 55% shareholding on 19 August 2015.

The investment in a subsidiary has not changed in years 2015 and 2014.

13 Aircraft, leasehold improvements and equipment, net

	Consolidated								(Unit: Baht)
	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 2014									
Cost	108,542,731	84,947,557	45,573,468	185,590,260	109,401,710	10,521,255,973	939,758,806	24,309,974	12,019,380,479
Less Accumulated depreciation	(35,815,821)	(61,366,575)	(22,489,653)	(120,298,331)	(89,428,660)	(302,365,075)	(431,592,005)	-	(1,063,356,120)
Net book amount	72,726,910	23,580,982	23,083,815	65,291,929	19,973,050	10,218,890,898	508,166,801	24,309,974	10,956,024,359
For the year ended 31 December 2014									
Opening net book amount	72,726,910	23,580,982	23,083,815	65,291,929	19,973,050	10,218,890,898	508,166,801	24,309,974	10,956,024,359
Additions	18,048,466	13,853,660	8,432,384	56,744,272	4,500,000	5,614,655,738	146,957,363	32,772,232	5,895,964,115
Disposals, net	-	(233,843)	(4,260)	(7,123)	(444,321)	-	(112,185)	-	(801,732)
Transfers	16,085,014	-	1,762,797	9,310,559	13,321,389	-	-	(40,479,759)	-
Depreciation charges	(23,281,134)	(9,500,924)	(6,968,041)	(23,881,141)	(13,871,159)	(671,152,040)	(69,227,220)	-	(817,881,659)
Closing net book amount	83,579,256	27,699,875	26,306,695	107,458,496	23,478,959	15,162,394,596	585,784,759	16,602,447	16,033,305,083
At 31 December 2014									
Cost	142,676,211	79,676,405	55,701,610	249,895,413	125,465,083	16,135,911,711	1,086,585,053	16,602,447	17,892,513,933
Less Accumulated depreciation	(59,096,955)	(51,976,530)	(29,394,915)	(142,436,917)	(101,986,124)	(973,517,115)	(500,800,294)	-	(1,859,208,850)
Net book amount	83,579,256	27,699,875	26,306,695	107,458,496	23,478,959	15,162,394,596	585,784,759	16,602,447	16,033,305,083

13 Aircraft, leasehold improvements and equipment, net (Cont'd)

Consolidated										(Unit: Baht)
	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 2015										
	83,579,256	27,699,875	26,306,695	107,458,496	23,478,959	15,162,394,596	585,784,759	16,602,447	16,033,305,083	
Additions	5,982,956	22,020,645	5,070,351	42,502,558	353,500	3,076,701,601	127,854,480	28,286,986	3,308,773,077	
Disposals/Write-offs, net	(2)	-	(2)	(27)	(3,407,116)	-	(26)	-	(3,407,173)	
Transfers/Adjustments	11,171,077	4,062,000	1,478,362	4,510,000	-	-	-	(21,554,414)	(332,975)	
Depreciation charges	(25,699,377)	(11,585,286)	(8,266,643)	(36,198,774)	(7,366,835)	(944,341,046)	(88,811,100)	-	(1,122,269,061)	
Closing 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	
At 31 December 2015										
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	

The leased assets included above, where the Group is a lessee under finance lease agreements, comprise aircraft, aircraft engines and motor vehicles, total cost of which is Baht 19,212.78 million and total accumulated depreciation of Baht 1,918.03 million (2014: total cost of Baht 16,147.65 million and total accumulated depreciation of Baht 981.92 million).

13 Aircraft, leasehold improvements and equipment, net (Cont'd)

(Unit: Baht)

	Company
	<u>Office equipment</u>
At 1 January 2014	
Cost	40,687
<u>Less Accumulated depreciation</u>	<u>(40,663)</u>
Net book amount	<u>24</u>
For the year ended 31 December 2014	
Opening net book amount	24
Depreciation charges	-
Closing net book amount	<u>24</u>
At 31 December 2014	
Cost	40,687
<u>Less Accumulated depreciation</u>	<u>(40,663)</u>
Net book amount	<u>24</u>
For the year ended 31 December 2015	
Opening net book amount	24
Additions	21,500
Depreciation charges	<u>(4,123)</u>
Closing net book amount	<u>17,401</u>
At 31 December 2015	
Cost	62,187
<u>Less Accumulated depreciation</u>	<u>(44,786)</u>
Net book amount	<u>17,401</u>

14 Intangible assets, net

(Unit: Baht)

	Consolidated			
	Landing rights	Computer software	Computer software under installation	Total
At 1 January 2014				
Cost	14,856,000,000	37,858,170	3,298,938	14,897,157,108
<u>Less</u> Accumulated amortisation	-	(28,420,271)	-	(28,420,271)
Net book amount	<u>14,856,000,000</u>	<u>9,437,899</u>	<u>3,298,938</u>	<u>14,868,736,837</u>
For the year ended 31 December 2014				
Opening net book amount	14,856,000,000	9,437,899	3,298,938	14,868,736,837
Additions	-	4,276,474	711,708	4,988,182
Transfers	-	4,010,646	(4,010,646)	-
Amortisation charges	-	(5,741,679)	-	(5,741,679)
Closing net book amount	<u>14,856,000,000</u>	<u>11,983,340</u>	<u>-</u>	<u>14,867,983,340</u>
At 31 December 2014				
Cost	14,856,000,000	46,138,870	-	14,902,138,870
<u>Less</u> Accumulated amortisation	-	(34,155,530)	-	(34,155,530)
Net book amount	<u>14,856,000,000</u>	<u>11,983,340</u>	<u>-</u>	<u>14,867,983,340</u>
For the year ended 31 December 2015				
Opening net book amount	14,856,000,000	11,983,340	-	14,867,983,340
Additions	-	3,381,550	1,759,880	5,141,430
Transfers	-	340,000	(340,000)	-
Amortisation charges	-	(4,631,730)	-	(4,631,730)
Closing 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>
At 31 December 2015				
Cost	14,856,000,000	49,860,420	1,419,880	14,907,280,300
<u>Less</u> 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>

Landing rights is tested for impairment together with the impairment of goodwill as shown in Note 15.

14 Intangible assets, net (Cont'd)

(Unit: Baht)

	Company
	Computer software
At 1 January 2014	
Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	<u>1</u>
For the year ended 31 December 2014	
Opening net book amount	1
Amortisation charges	-
Closing net book amount	<u>1</u>
At 31 December 2014	
Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	<u>1</u>
For the year ended 31 December 2015	
Opening net book amount	1
Amortisation charges	-
Closing net book amount	<u>1</u>
At 31 December 2015	
Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	<u>1</u>

15 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		Company	
	2015	2014	2015	2014
At 31 December				
Cost	8,824,825,803	8,824,825,803	-	-
<u>Less</u> Provision for impairment	-	-	-	-
Net book amount	<u>8,824,825,803</u>	<u>8,824,825,803</u>	<u>-</u>	<u>-</u>

16 Other non-current assets

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Aircraft rental deposits	27.7	748,209,343	630,333,888	-	-
Airport operation deposit		34,600,000	34,600,000	-	-
Fuel price swap deposit	27.7	17,961,650	16,406,400	-	-
Rental deposits		42,158,417	46,610,702	-	-
Prepaid expenses		9,216,373	10,880,712	-	-
Other deposits		149,675,386	73,845,881	-	-
Total other non-current assets		<u>1,001,821,169</u>	<u>812,677,583</u>	<u>-</u>	<u>-</u>

17 Finance lease liabilities

Finance lease liabilities – minimum lease payments:

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Within 1 year	1,709,396,605	1,365,914,441	-	-
Later than 1 year but not later than 5 years	6,765,109,949	5,451,922,249	-	-
Later than 5 years	8,033,497,105	7,737,871,073	-	-
<u>Less</u> Future finance charges on finance leases	<u>(2,471,164,925)</u>	<u>(2,478,739,612)</u>	-	-
	<u>14,036,838,734</u>	<u>12,076,968,151</u>	-	-
Representing lease liabilities:				
- Current portion	1,261,443,422	959,006,292	-	-
- Non-current portion	<u>12,775,395,312</u>	<u>11,117,961,859</u>	-	-
	<u>14,036,838,734</u>	<u>12,076,968,151</u>	-	-

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2015	2014	2015	2014
Within 1 year	1,676,545,078	1,338,730,452	-	-
Later than 1 year but not later than 5 years	6,104,530,065	4,889,550,263	-	-
Later than 5 years	<u>6,255,763,591</u>	<u>5,848,687,436</u>	-	-
	<u>14,036,838,734</u>	<u>12,076,968,151</u>	-	-

During the year, the Group entered into two aircraft and one aircraft engine Finance Lease Agreements. The lease period of each aircraft is 12 years and aircraft engine is 5 years finance lease agreement, with a purchase option from the lessor at the end of the lease period.

18 Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using the principal tax rate of 20%.

The analyses of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	-	-	1,404,795	2,201,186
Deferred tax assets to be recovered after more than 12 months	1,546,805,901	1,352,163,663	-	-
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	(5,049,343,166)	(4,697,803,459)	-	-
Deferred tax asset (liabilities), net	<u>(3,502,537,265)</u>	<u>(3,345,639,796)</u>	<u>1,404,795</u>	<u>2,201,186</u>

The gross movement and the deferred income taxes account is as follows:

	Consolidated		Company	
	2015	2014	2015	2014
At 1 January	(3,345,639,796)	(3,309,661,779)	2,201,186	-
Charged (credited) to profit or loss	(151,062,286)	(33,640,981)	(796,391)	2,201,186
Credited to other comprehensive income	(5,835,183)	(2,337,036)	-	-
At 31 December	<u>(3,502,537,265)</u>	<u>(3,345,639,796)</u>	<u>1,404,795</u>	<u>2,201,186</u>

18 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows:

(Unit: Baht)

	Consolidated				
	Tax loss	Retirement benefit	Depreciation	Finance lease	Total
Deferred tax assets					
At 1 January 2014	-	25,669,837	-	784,165,604	809,835,441
Charged to profit or loss	188,861,816	5,993,276	-	349,810,166	544,665,258
Credited to other comprehensive income	-	(2,337,036)	-	-	(2,337,036)
At 31 December 2014	<u>188,861,816</u>	<u>29,326,077</u>	<u>-</u>	<u>1,133,975,770</u>	<u>1,352,163,663</u>
At 1 January 2015	188,861,816	29,326,077	-	1,133,975,770	1,352,163,663
Charged (credited) to profit or loss	(54,048,048)	9,180,160	-	245,345,309	200,477,421
Credited to other comprehensive income	-	(5,835,183)	-	-	(5,835,183)
At 31 December 2015	<u>134,813,768</u>	<u>32,671,054</u>	<u>-</u>	<u>1,379,321,079</u>	<u>1,546,805,901</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.

	Consolidated		
	Gain on fair value of previously held equity interests	Finance lease	Total
Deferred tax liabilities			
At 1 January 2014	(2,999,914,044)	(1,119,583,176)	(4,119,497,220)
Charged (credited) to profit or loss	3,885,297	(582,191,536)	(578,306,239)
At 31 December 2014	<u>(2,996,028,747)</u>	<u>(1,701,774,712)</u>	<u>(4,697,803,459)</u>
At 1 January 2015	(2,996,028,747)	(1,701,774,712)	(4,697,803,459)
Charged (credited) to profit or loss	4,034,764	(355,574,471)	(351,539,707)
At 31 December 2015	<u>(2,991,993,983)</u>	<u>(2,057,349,183)</u>	<u>(5,049,343,166)</u>

19 Income taxes

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Current tax:				
Current tax on profit for the year	-	-	796,391	-
Adjustment in respect of prior year	-	(34,920,946)	-	-
Deferred taxes:				
- Deferred tax assets	(200,477,421)	(544,665,258)	-	(2,201,186)
- Deferred tax liabilities	351,539,707	578,306,239	-	-
Total income taxes	<u>151,062,286</u>	<u>(1,279,965)</u>	<u>796,391</u>	<u>(2,201,186)</u>

Income taxes on the Group's profit before tax differ from the theoretical amount based on the basic tax rate of the home country of the Group due to the following:

	Consolidated	
	2015	2014
Profit before income tax	<u>2,109,322,631</u>	<u>329,992,544</u>
Tax calculated at a tax rate of 20%	421,864,526	65,998,509
Tax effects of:		
Profit exempted from corporate income taxes due to promotional privileges under BOI	(430,193,999)	(268,666,793)
Expenses not deductible for tax purpose	14,399,886	7,994,870
Difference in finance leases under promotional privilege period	110,229,161	232,381,370
Utilisation of previously unrecognised tax losses	34,762,712	-
Adjustment in respect of prior year	-	(34,920,946)
Tax losses for which no deferred income tax assets were recognised	-	(4,066,975)
Tax charge	<u>151,062,286</u>	<u>(1,279,965)</u>

The weighted average applicable tax rate was 7.16% (2014: - 0.39%).

19 Income taxes (Cont'd)

Tax charges relating to component of other comprehensive income are as follows:

(Unit: Baht)

	Consolidated					
	2015			2014		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Remeasurement of employee benefit obligations	29,175,913	(5,835,183)	23,340,730	11,685,182	(2,337,036)	9,348,146
Other comprehensive income	<u>29,175,913</u>	<u>(5,835,183)</u>	<u>23,340,730</u>	<u>11,685,182</u>	<u>(2,337,036)</u>	<u>9,348,146</u>
Current taxes		-			-	
Deferred taxes		(5,835,183)			(2,337,036)	
		<u>(5,835,183)</u>			<u>(2,337,036)</u>	

20 Employee benefit obligations

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Statement of financial position Retirement benefits	168,945,620	157,547,925	-	-
Statement of comprehensive income Retirement benefits	42,178,576	36,235,647	-	-
Remeasurement for retirement benefits recognised in the statement of comprehensive income	(29,175,913)	(11,685,182)	-	-
Cumulative remeasurement for retirement benefits recognised in the statement of comprehensive income	(52,535,781)	(23,359,868)	-	-

20 Employee benefit obligations (Cont'd)

Movements in the retirement benefit obligations over the year are as follows:

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Opening book amount	157,547,925	132,997,460	-	-
Current service costs	36,916,484	30,673,843	-	-
Interest costs	5,262,092	5,561,804	-	-
Remeasurements :				
Gain from exchange in demographic assumptions	(26,765,080)	(12,972,965)	-	-
Loss from change in financial assumptions	10,206,386	18,172,181	-	-
Experience gain	(12,617,219)	(16,884,398)	-	-
Benefits paid	(1,604,968)	-	-	-
Closing book amount	168,945,620	157,547,925	-	-

The amounts recognised in the statement of comprehensive income are as follows:

	Consolidated		Company	
	2015	2014	2015	2014
Current service costs	36,916,484	30,673,843	-	-
Interest costs	5,262,092	5,561,804	-	-
Total, included in staff costs	42,178,576	36,235,647	-	-

The principal actuarial assumptions used are as follows:

		Consolidated		Company	
		2015	2014	2015	2014
Discount rate	% per annum	2.92	3.34	-	-
Salary incremental rate	% per annum	5.59 - 10.00	5.59 - 10.00	-	-
Staff turnover rate	% per annum	0.00 - 12.00	0.00 - 10.00	-	-

20 Employee benefit obligations (Cont'd)

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 12.27%	Increase by 14.78%
Salary incremental rate	1%	Increase by 14.27%	Decrease by 12.13%
Staff turnover rate	1%	Decrease by 13.38%	Increase by 11.42%

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 compared to the previous period.

21 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 2014	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 2014	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 2015	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 (2014: 4,850,000,000 shares) with a par value of Baht 0.10 per share (2014: Baht 0.10 per share). All issued shares are fully paid.

22 Dividends paid

The Board of Directors Meeting held on 11 August 2015, approved the payment of interim dividends in respect of the operating result for the year 2015 of Baht 0.10 per share (2014: Nil) for 4,850,000,000 ordinary shares, totalling Baht 485 million (2014: Nil). The dividends were paid to the shareholders on 29 September 2015.

23 Legal reserve

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
At 1 January 2015	-	-	-	-
Appropriation during the year	26,510,386	-	26,510,386	-
At 31 December 2015	26,510,386	-	26,510,386	-

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 percent of the registered capital. The legal reserve is non-distributable.

24 Revenues from sales and services

Revenues from sales and services are as follows:

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Passenger service revenues	22,091,893,669	18,154,708,921	-	-
Baggage handling and other service fees	4,811,362,443	5,561,579,215	-	-
Charter flight revenues	2,081,089,616	1,175,896,988	-	-
In-flight revenues	322,959,745	260,875,934	-	-
Freight revenues	200,000,000	202,453,859	-	-
Management fee	-	-	25,000,000	25,000,000
Total revenues	29,507,305,473	25,355,514,917	25,000,000	25,000,000

25 Expenses by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit:

(Unit: Baht)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Depreciation and amortisation	13, 14	1,126,900,791	823,623,338	4,123	-
Staff costs		3,377,679,708	2,799,564,751	-	-
Fuel costs		9,830,407,370	11,272,295,601	-	-
Aircraft rental	27.2	4,147,355,311	3,750,883,931	-	-
Repair and maintenance		2,337,954,895	1,861,852,842	-	-
Ramp and airport operating costs		3,362,626,401	2,291,867,842	-	-

26 Earnings per share

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

	Consolidated		Company	
	2015	2014	2015	2014
Net profit attributable to shareholders of the parent (Baht)	1,078,476,693	183,181,769	530,207,730	11,530,121
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)	0.2224	0.0378	0.1093	0.0024

The Group does not have dilutive ordinary shares as at 31 December 2015 and 2014.

27 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 Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group 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.

The major shareholder of the Group is management of the Group. The remainder is widely held.

For reporting purposes, AirAsia Berhad, who hold 45% of the shares of Thai Air Asia company limited, a subsidiary, and AirAsia Berhad's related parties are referred to as the other related parties.

27 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

27.1) Income

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Other related parties				
Interest income	14,442,708	8,291,867	-	-
Other administrative fees	44,443,238	9,888,280	-	-
Subsidiary				
Management fee	-	-	25,000,000	25,000,000
Dividend income	-	-	527,022,166	-

27.2) Purchases of goods, services and expenses

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Other related parties				
Share of loss from fuel price swap agreements	1,298,054,586	312,406,466	-	-
Share of staff costs for accounting and other services	37,644,887	31,371,651	-	-
Aircraft rental	4,147,355,311	3,750,883,931	-	-
Aircraft repair and maintenance	1,527,210,017	1,502,123,611	-	-
Purchases of merchandises and equipment	244,699,899	228,167,100	-	-
Management fee expenses	16,595,132	15,649,508	-	-
Booking fee expenses	133,141,805	104,976,328	-	-
Pilot training expenses	119,707,049	84,540,826	-	-
Brand license fee expenses	307,867,500	244,381,651	-	-

27 Related party transactions (Cont'd)

27.3) 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		Company	
	2015	2014	2015	2014
Salaries and other short-term employee benefits	85,252,036	94,545,894	10,172,499	6,290,000
Retirement benefits	6,073,888	5,055,044	-	-
	<u>91,325,924</u>	<u>99,600,938</u>	<u>10,172,499</u>	<u>6,290,000</u>

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

27.4) Amounts due from related parties

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Other related parties	<u>326,208,917</u>	<u>68,162,932</u>	<u>-</u>	<u>-</u>

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2014: 6.00% per annum).

27.5) Amounts due to related parties

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Other related parties	<u>917,878,501</u>	<u>472,709,254</u>	<u>-</u>	<u>-</u>

27.6) Aircraft maintenance reserves

AirAsia Berhad, the Group's related party, entered into an Aircraft maintenance services agreement with the Group. Under this agreement, the Group makes 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. AirAsia Berhad does not use the prepayments for any investments.

27 Related party transactions (Cont'd)

27.7) Other non-current assets

(Unit: Baht)

	Consolidated		Company	
	2015	2014	2015	2014
Other related parties				
Aircraft rental deposits	748,209,343	630,333,888	-	-
Fuel price swap deposit	17,961,650	16,406,400	-	-
	<u>766,170,993</u>	<u>646,740,288</u>	<u>-</u>	<u>-</u>

28 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		Company	
	2015	2014	2015	2014
Within 1 year	47,449,315	42,611,872	-	-
Later than 1 year but not later than 5 years	4,958,386	5,306,226	-	-
Total	<u>52,407,701</u>	<u>47,918,098</u>	<u>-</u>	<u>-</u>

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 another third party lessor, and insurance agreements of aircraft and aircraft engines as follows:

	Consolidated			
	2015		2014	
	Rental	Insurance agreement	Rental	Insurance agreement
	US Dollars	US Dollars	US Dollars	US Dollars
Within 1 year	126,647,808	1,003,906	115,260,000	2,993,762
Later than 1 year but not later than 5 years	481,391,232	-	459,325,479	-
Later than 5 years	220,655,835	-	275,132,384	-
Total	<u>828,694,875</u>	<u>1,003,906</u>	<u>849,717,863</u>	<u>2,993,762</u>

29 Guarantees

As at 31 December 2015, there was a commitment related to guarantees issued by bank in respect of pilot trainees' loans in accordance with its professional pilot courses amounting to Baht 178.17 million (as at 31 December 2014: Baht 99.29 million). Normally, a guarantee is terminated when the pilot trainee earns a commercial pilot's license and is assigned as a co-pilot or when the pilot trainee settles all outstanding debts with the bank. However, the Group can fully reclaim the stated liabilities from the pilot trainees' guarantors, who have pledged guarantees with the Group.

30 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					
	2015			2014		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.90	0.09	23.58	7.90	0.09	12.38
Guarantees relating to maintenance reserve fund	-	27.62	-	-	9.59	-
Total	7.90	27.71	23.58	7.90	9.68	12.38

The Group also used its savings and current accounts as collaterals for these letters of guarantee as follows:

	Consolidated					
	2015			2014		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Saving account	85.38	-	-	171.01	-	-
Current account	-	7.61	12.68	-	-	12.68
Total	85.38	7.61	12.68	171.01	-	12.68

31 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 promoted activities. 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 31 December 2015, the subsidiary had received 17 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2014: 12 aircraft).

32 Event after the reporting period

On 8 January 2016 Thai AirAsia Company Limited, its subsidiary, received one additional Airbus A320-216 aircraft. The expansion of the subsidiary’s fleet was to support the launch of new routes and increase the frequency of flights on the subsidiary’s existing routes. The aircraft was acquired under operating lease agreement for the period of 9 years.

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