

ASIA AVIATION PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL INFORMATION
(UNAUDITED)**

31 MARCH 2014



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Asia Aviation Public Company Limited

I have reviewed the accompanying consolidated and company statement of financial position as at 31 March 2014, the related consolidated and company statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, and condensed notes to interim financial information of Asia Aviation Public Company Limited and its subsidiary, and of Asia Aviation Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

A handwritten signature in blue ink, appearing to read 'Chanchai Chaiprasit', is written over a faint, illegible stamp.

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

Bangkok
12 May 2014

Asia Aviation Public Company Limited
Statement of Financial Position
As at 31 March 2014

	Consolidated		Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Notes	Baht	Baht	Baht	Baht
Assets				
Current assets				
Cash and cash equivalents	1,654,905,712	1,958,637,392	106,375	2,082,971
Cash at financial institutions pledged as security	-	13,356,900	-	-
Short-term investments	2,770,999,109	3,448,628,170	-	-
Investments in private funds	1,042,619,371	1,032,551,182	-	-
Trade and other receivables, net	5 890,454,015	723,504,686	-	-
Amounts due from related parties	10.5 290,533,802	87,240,764	6,250,000	-
Inventories	92,108,835	90,210,619	-	-
Prepaid expenses	428,969,188	343,887,487	542,851	918,387
Value added tax receivable	127,690,242	78,686,650	-	-
Other current assets	47,711,261	40,144,187	12,340	12,340
Total current assets	7,345,991,535	7,816,848,037	6,911,566	3,013,698
Non-current assets				
Cash at financial institutions pledged as security	343,809,991	339,189,114	-	-
Long-term investments	1,285,282,600	1,312,007,600	-	-
Investment in a subsidiary	-	-	3,067,114,370	3,067,114,370
Aircraft, leasehold improvements and equipment, net	6 12,209,828,394	10,956,024,359	24	24
Intangible assets, net	6 14,871,070,252	14,868,736,837	1	1
Goodwill	8,824,825,803	8,824,825,803	-	-
Deferred tax assets	-	-	3,332,946	-
Other non-current assets	799,322,554	817,647,640	-	-
Total non-current assets	38,334,139,594	37,118,431,353	3,070,447,341	3,067,114,395
Total assets	45,680,131,129	44,935,279,390	3,077,358,907	3,070,128,093

The accompanying notes on pages 10 to 22 form part of this interim financial information.

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 March 2014

		Consolidated		Company	
		(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		263,778,539	152,951,492	-	-
Other accounts payable		141,037,242	124,132,639	-	-
Amounts due to related parties	10.6	428,771,095	506,830,215	-	-
Deferred revenues		4,004,567,976	4,299,163,449	-	-
Accrued expenses		1,149,015,329	1,390,467,580	700,000	444,376
Current portion of finance lease liabilities	7	672,441,996	615,065,684	-	-
Income tax payable		154,994,540	150,473,336	-	-
Other current liabilities		73,767,422	32,484,297	8,092,704	8,120,597
Total current liabilities		6,888,374,139	7,271,568,692	8,792,704	8,564,973
Non-current liabilities					
Finance lease liabilities	7	8,361,592,889	7,545,773,009	-	-
Deferred tax liabilities, net		3,365,885,827	3,309,661,779	-	-
Employee benefit obligations		142,056,339	132,997,460	-	-
Total non-current liabilities		11,869,535,055	10,988,432,248	-	-
Total liabilities		18,757,909,194	18,260,000,940	8,792,704	8,564,973

The accompanying notes on pages 10 to 22 form part of this interim financial information.

Asia Aviation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 March 2014

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
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	485,000,000	485,000,000	485,000,000	485,000,000
Premium on share capital	2,599,808,274	2,599,808,274	2,599,808,274	2,599,808,274
Retained earnings (Deficits)	16,400,049,648	16,261,079,344	(16,242,071)	(23,245,154)
Equity attributable to owners of the parent	19,484,857,922	19,345,887,618	3,068,566,203	3,061,563,120
Non-controlling interests	7,437,364,013	7,329,390,832	-	-
Total shareholders' equity	26,922,221,935	26,675,278,450	3,068,566,203	3,061,563,120
Total liabilities and shareholders' equity	45,680,131,129	44,935,279,390	3,077,358,907	3,070,128,093

The accompanying notes on pages 10 to 22 form part of this interim financial information.

Asia Aviation Public Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Revenues		6,459,874,266	6,028,958,141	6,250,000	-
Operating costs		(5,865,656,314)	(4,740,785,932)	-	-
Gross profit		594,217,952	1,288,172,209	6,250,000	-
Net gain on exchange rates		-	389,723	-	1,016
Other income		173,635,744	95,459,175	-	-
Profit before expenses		767,853,696	1,384,021,107	6,250,000	1,016
Selling expenses		(218,551,671)	(281,988,052)	-	-
Administrative expenses		(169,393,485)	(153,965,272)	(2,571,691)	(2,913,897)
Net loss on exchange rates		(16,583,861)	-	(8,172)	-
Profit (loss) before finance costs and income tax		363,324,679	948,067,783	3,670,137	(2,912,881)
Finance costs		(53,970,581)	(27,386,599)	-	-
Profit (loss) before income tax		309,354,098	920,681,184	3,670,137	(2,912,881)
Income tax	8	(62,410,613)	(194,675,569)	3,332,946	-
Net profit (loss) for the period		246,943,485	726,005,615	7,003,083	(2,912,881)
Total comprehensive income (expense) for the period		246,943,485	726,005,615	7,003,083	(2,912,881)
Net profit (loss) for the period attributable to:					
Owners of the parent		138,970,304	397,283,946	7,003,083	(2,912,881)
Non-controlling interests		107,973,181	328,721,669	-	-
		246,943,485	726,005,615	7,003,083	(2,912,881)
Earnings (loss) per share					
Basic earnings (loss) per share	9	0.0287	0.0819	0.0014	(0.0006)

The accompanying notes on pages 10 to 22 form part of this interim financial information.

Asia Aviation Public Company Limited
Statement of Changes in Shareholders' Equity (Unaudited)
For the three-month period ended 31 March 2014

	Consolidated						
	Attributable to owners of the parent					Non- controlling interests	Total shareholders' equity
	Issued and paid-up share capital	Premium on share capital	Retained earnings	Other component of equity			
				Other reserves	Total owners of the parent		
Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Opening balance as at 1 January 2013	485,000,000	2,599,808,274	15,211,309,058	(37,047,145)	18,259,070,187	6,458,745,304	24,717,815,491
Effect of share-based payment	-	-	-	21,801,718	21,801,718	-	21,801,718
Total comprehensive income for the period	-	-	397,283,946	-	397,283,946	328,721,669	726,005,615
Closing balance as at 31 March 2013	485,000,000	2,599,808,274	15,608,593,004	(15,245,427)	18,678,155,851	6,787,466,973	25,465,622,824
Opening balance as at 1 January 2014	485,000,000	2,599,808,274	16,261,079,344	-	19,345,887,618	7,329,390,832	26,675,278,450
Total comprehensive income for the period	-	-	138,970,304	-	138,970,304	107,973,181	246,943,485
Closing balance as at 31 March 2014	485,000,000	2,599,808,274	16,400,049,648	-	19,484,857,922	7,437,364,013	26,922,221,935

The accompanying notes on pages 10 to 22 form part of this interim financial information.

Asia Aviation Public Company Limited

Statement of Changes in Shareholders' Equity (Unaudited) (Cont'd)

For the three-month period ended 31 March 2014

	Company			
	Issued and paid-up share capital Baht	Premium on share capital Bath	Deficits Baht	Total Baht
	Baht	Bath	Baht	Baht
Opening balance as at 1 January 2013	485,000,000	2,599,808,274	(12,227,580)	3,072,580,694
Total comprehensive expense for the period	-	-	(2,912,881)	(2,912,881)
Closing balance as at 31 March 2013	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>(15,140,461)</u>	<u>3,069,667,813</u>
Opening balance as at 1 January 2014	485,000,000	2,599,808,274	(23,245,154)	3,061,563,120
Total comprehensive income for the period	-	-	7,003,083	7,003,083
Closing balance as at 31 March 2014	<u>485,000,000</u>	<u>2,599,808,274</u>	<u>(16,242,071)</u>	<u>3,068,566,203</u>

The accompanying notes on pages 10 to 22 form part of this interim financial information.

Asia Aviation Public Company Limited
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 March 2014

	Note	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash flows from operating activities					
Profit (loss) before income tax		309,354,098	920,681,184	3,670,137	(2,912,881)
Adjustments for:					
Depreciation	6	172,687,164	68,968,519	-	-
Amortisation	6	1,298,672	1,120,107	-	-
(Gain) loss on disposals of leasehold improvements and equipment		(213,899)	1,474,248	-	-
Employee benefit expenses		9,058,879	15,853,629	-	-
Amortisation of share-based payment		-	20,227,615	-	-
Net (gain) loss on exchange rates		(54,110,126)	(23,084,286)	8,172	-
Unrealised gain on fair value adjustment in investments in private funds		(10,068,189)	(5,595,743)	-	-
Finance costs		53,970,581	27,386,599	-	-
Interest income		(46,176,728)	(35,083,769)	-	-
		435,800,452	991,948,103	3,678,309	(2,912,881)
Changes in operating assets and liabilities:					
- Cash at financial institutions pledged as security		13,356,900	(55,881,491)	-	-
- Trade and other receivables		(179,083,338)	(151,027,130)	-	-
- Amounts due from related parties		(202,267,917)	7,913,384	(6,250,000)	-
- Inventories		(1,898,216)	4,175,776	-	-
- Prepaid expenses		(85,081,701)	(122,001,569)	375,536	337,967
- Value added tax receivable		(49,003,592)	99,289,077	-	-
- Other current assets		(7,567,074)	(8,065,005)	-	(3,103)
- Other non-current assets		18,325,086	5,636,736	-	-
- Trade accounts payable		110,827,047	6,613,239	-	-
- Other accounts payable		16,904,603	20,893,639	-	394,205
- Amounts due to related parties		(78,059,120)	(44,126,308)	-	-
- Deferred revenues		(294,595,473)	430,530,536	-	-
- Accrued expenses		(247,835,404)	132,516,158	255,624	(119,247)
- Other current liabilities		41,283,125	7,848,084	(27,893)	(70,965)
Cash generated from (used in) operating activities		(508,894,622)	1,326,263,229	(1,968,424)	(2,374,024)
Income tax paid		(1,665,361)	(884,172)	-	-
Interest received		4,543,531	1,575,856	-	-
Net cash generated from (used in) operating activities		(506,016,452)	1,326,954,913	(1,968,424)	(2,374,024)

The accompanying notes on pages 10 to 22 form part of this interim financial information.

Asia Aviation Public Company Limited
Statement of Cash Flows (Unaudited) (Cont'd)
For the three-month period ended 31 March 2014

	Note	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Cash flows from investing activities					
Payments for cash at financial institutions pledged as security		(4,620,877)	-	-	-
Net receipts (payments) from short-term investments		677,629,061	(557,051,537)	-	-
Payments for investments in private funds		-	(1,000,000,000)	-	-
Receipts from long-term investments		26,725,000	-	-	-
Proceeds from disposals of leasehold improvements and equipment		294,987	-	-	-
Payments for aircraft, leasehold improvements and equipment		(347,407,500)	(210,600,009)	-	-
Payments for intangible assets	6	(3,632,087)	(1,131,723)	-	-
Interest received		52,625,855	16,508,398	-	-
Net cash generated from (used in) investing activities		401,614,439	(1,752,274,871)	-	-
Cash flows from financing activities					
Repayments of finance lease		(135,022,530)	(53,099,607)	-	-
Interest paid		(59,697,340)	(24,982,927)	-	-
Net cash used in financing activities		(194,719,870)	(78,082,534)	-	-
Net decrease in cash and cash equivalents					
		(299,121,883)	(503,402,492)	(1,968,424)	(2,374,024)
Cash and cash equivalents at the beginning of the period		1,958,637,392	3,852,838,996	2,082,971	5,051,471
Exchange loss on cash and cash equivalents		(4,609,797)	(16,797,855)	(8,172)	-
Cash and cash equivalents at the end of the period		1,654,905,712	3,332,638,649	106,375	2,677,447

Non-cash transactions

Significant non-cash transactions during the periods ended 31 March 2014 and 2013 are as follows:

Purchase of aircraft spare parts which have not been paid	9,593,745	13,358,280	-	-
Purchase of aircraft under finance lease agreement	1,080,751,638	1,079,944,867	-	-

The accompanying notes on pages 10 to 22 form part of this interim financial information.

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 subsidiaries 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% (2013: 55%).

The subsidiary, Thai AirAsia Company Limited, principally provides low-fare airline services.

These interim consolidated and company financial information were approved by the Board of Directors on 12 May 2014.

These interim consolidated and company financial information have been reviewed, not audited.

2 Accounting policies

2.1) Basis of preparation

These interim consolidated and company financial information were prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. The primary financial information (i.e. statement of financial position, statements of comprehensive income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Securities and Exchange Commission. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34 (revised 2012), “Interim Financial Reporting” and additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the consolidated and company financial statements for the year ended 31 December 2013.

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

2 Accounting policies (Cont'd)

2.1) Basis of preparation (Cont'd)

The accounting policies used in the preparation of the interim financial information are consistent with those used in the consolidated and company financial statements for the year ended 31 December 2013.

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

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

2.2) Revised accounting standards, revised financial reporting standards, and related interpretations

The following amendments and related interpretations are effective for the periods begin on or after 1 January 2014 are as follows:

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of cash flows
TAS 12 (revised 2012)	Income taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee benefits
TAS 21 (revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (revised 2012)	Related party disclosures
TAS 28 (revised 2012)	Investments in associates
TAS 31 (revised 2012)	Interest in joint ventures
TAS 34 (revised 2012)	Interim financial reporting
TAS 36 (revised 2012)	Impairment of assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based payment
TFRS 3 (revised 2012)	Business combinations
TFRS 5 (revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (revised 2012)	Operating segments
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under TAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Website costs

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2014

2 Accounting policies (Cont'd)

2.2) Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

The Group's management has assessed and determined that the amendments and related interpretations do not have impact to the financial information being presented, except TFRIC 13 which clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. The management has assessed and determined that the impact is immaterial to the financial information.

3 Estimates

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

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated and company financial statements for the year ended 31 December 2013.

4 Segment information

Financial information by business segments

	Consolidated				Total Baht
	For the three-month period ended 31 March 2014 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	
Revenues	6,271,555,995	188,318,271	6,250,000	(6,250,000)	6,459,874,266
Profit from operation	178,037,510	30,450,480	3,678,309		212,166,299
Unallocated costs					(5,893,503)
Other income					173,635,744
Net loss on exchange rates					(16,583,861)
Finance costs					(53,970,581)
Profit before income tax					309,354,098
Income tax					(62,410,613)
Net profit for the period					<u>246,943,485</u>
Consolidated total assets					45,680,131,129

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2014

4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	Consolidated				
	For the three-month period ended 31 March 2013 (Unaudited)				
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Elimination Baht	Total Baht
Revenues	5,752,349,907	276,608,234	-	-	6,028,958,141
Profit (loss) from operation	844,558,231	21,157,934	(2,913,897)		862,802,268
Unallocated costs					(10,583,383)
Net gain on exchange rates					389,723
Other income					95,459,175
Finance costs					(27,386,599)
Profit before income tax					920,681,184
Income tax					(194,675,569)
Net profit for the period					<u>726,005,615</u>
Consolidated total assets					37,131,637,479

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

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

- Scheduled flight operations: The Group provides passenger air transportation services to routine destinations based on scheduled flights. The Group sells tickets through its distribution channels such as website, sale counters and travel agents etc.
- Charter 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 information. Net gain (loss) on exchange rates, other income, finance costs and income tax 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.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2014

5 Trade and other receivables, net

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
Trade accounts receivable	299,493,037	317,179,582	-	-
<u>Less</u> Allowance for doubtful account	(2,220,250)	(2,220,250)	-	-
Trade accounts receivable, net	297,272,787	314,959,332	-	-
Accrued income	561,642,675	392,443,008	-	-
Other receivables	31,538,553	16,102,346	-	-
Total trade and other receivables, net	<u>890,454,015</u>	<u>723,504,686</u>	-	-

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

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
Up to 3 months	219,218,481	269,321,178	-	-
3 - 6 months	42,040,175	3,902,087	-	-
6 - 12 months	21,708,600	34,573,329	-	-
Over 12 months	16,525,781	9,382,988	-	-
Total trade accounts receivable	299,493,037	317,179,582	-	-
<u>Less</u> Allowance for doubtful account	(2,220,250)	(2,220,250)	-	-
Total trade accounts receivable, net	<u>297,272,787</u>	<u>314,959,332</u>	-	-

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2014

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

	Consolidated				Company	
	Aircraft, leasehold improvements and equipment Baht	Intangible assets			Leasehold improvements and equipment Baht	Computer software Baht
		Computer software and computer software under installation Baht	Landing rights Baht	Total Baht		
For the three-month period ended 31 March 2014 (Unaudited)						
Opening net book amount	10,956,024,359	12,736,837	14,856,000,000	14,868,736,837	24	1
Additions	1,426,572,287	3,632,087	-	3,632,087	-	-
Disposals, net	(81,088)	-	-	-	-	-
Depreciation/amortisation	(172,687,164)	(1,298,672)	-	(1,298,672)	-	-
Closing net book amount	<u>12,209,828,394</u>	<u>15,070,252</u>	<u>14,856,000,000</u>	<u>14,871,070,252</u>	<u>24</u>	<u>1</u>

Significant additions in consolidated financial information for the three-month period ended 31 March 2014 are aircraft acquired under finance lease and related spare parts of Baht 1,391.72 million.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2014

7 Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
Within 1 year	916,141,082	840,034,332	-	-
Later than 1 year but not later than 5 years	3,864,845,956	3,733,718,639	-	-
Later than 5 years	5,804,483,150	5,006,647,324	-	-
<u>Less</u> Future finance charges on finance leases	(1,551,435,303)	(1,419,561,602)	-	-
	<u>9,034,034,885</u>	<u>8,160,838,693</u>	<u>-</u>	<u>-</u>
Representing lease liabilities:				
- Current portion	672,441,996	615,065,684	-	-
- Non-current portion	8,361,592,889	7,545,773,009	-	-
	<u>9,034,034,885</u>	<u>8,160,838,693</u>	<u>-</u>	<u>-</u>

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
Within 1 year	900,897,103	825,903,954	-	-
Later than 1 year but not later than 5 years	3,516,855,514	3,417,297,611	-	-
Later than 5 years	4,616,282,268	3,917,637,128	-	-
	<u>9,034,034,885</u>	<u>8,160,838,693</u>	<u>-</u>	<u>-</u>

On 6 February 2014, the Group entered into an Aircraft Finance Lease Agreement with a lessor and accepted the delivery of aircraft on that date. The agreement has period of 12 years. The Group has a purchase option of the aircraft from the lessor at the end of the lease term.

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2014

8 Income tax

	Consolidated		Company	
	For the three-month periods ended 31 March (Unaudited)			
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Current tax:				
Current tax on profit for the period	6,186,566	176,890,437	-	-
Total current tax	6,186,566	176,890,437	-	-
Deferred tax:				
Origination and reversal of temporary differences:				
- Deferred tax assets	(83,235,387)	-	(3,332,946)	-
- Deferred tax liabilities	139,459,434	17,785,132	-	-
Total deferred tax	56,224,047	17,785,132	(3,332,946)	-
Total income tax	62,410,613	194,675,569	(3,332,946)	-

The tax credited directly to equity during the period is as follows:

	Consolidated		Company	
	For the three-month periods ended 31 March (Unaudited)			
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Deferred tax				
Share-based payment	-	1,574,104	-	-
	-	1,574,104	-	-

9 Earnings (loss) per share

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

	Consolidated		Company	
	For the three-month periods ended 31 March (Unaudited)			
	2014	2013	2014	2013
Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht)	138,970,304	397,283,946	7,003,083	(2,912,881)
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 (loss) per share (Baht per share)	0.0287	0.0819	0.0014	(0.0006)

10 Related party transactions

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

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

Major shareholders of the Company are the management of the Company. The remaining shares are widely held.

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

The following significant transactions were carried out with related parties:

10.1) Income

	Consolidated		Company	
	For the three-month periods ended 31 March (Unaudited)			
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Interest income				
Other related parties	1,141,352	542,029	-	-
Management fee				
Subsidiary	-	-	6,250,000	-

10.2) Purchases of goods, services and expenses with other related parties

	Consolidated		Company	
	For the three-month periods ended 31 March (Unaudited)			
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
Share of gain from fuel price swap agreements	(7,870,395)	-	-	-
Share of staff costs for accounting services	4,781,552	(12,096,900)	-	-
Aircraft rental	935,359,716	774,612,473	-	-
Aircraft repair and maintenance	394,881,945	347,532,104	-	-
Purchases of merchandises and equipment	38,749,862	12,758,861	-	-
Management fee expenses	3,911,912	3,572,964	-	-
Booking fee expenses	27,204,332	20,653,220	-	-
Pilot training expenses	29,035,655	33,952,173	-	-
Brand license fee expenses	65,846,361	60,853,901	-	-

10 Related party transactions (Cont'd)

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

10.3) Management remunerations

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

	Consolidated		Company	
	For the three-month periods ended 31 March (Unaudited)			
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Salaries and other short-term employee benefits	34,904,178	16,240,175	1,040,000	3,280,000
Retirement benefits	1,252,552	1,879,470	-	-
	<u>36,156,730</u>	<u>18,119,645</u>	<u>1,040,000</u>	<u>3,280,000</u>

10.4) Passenger revenues and expenses received and paid on behalf

	Consolidated		Company	
	For the three-month periods ended 31 March (Unaudited)			
	2014 Baht	2013 Baht	2014 Baht	2013 Baht
Passenger revenues received on behalf of the Group by other related parties	640,424,131	679,232,190	-	-
Cash received on behalf of other related parties	231,187,277	126,177,269	-	-
Expenses paid on behalf of the Group by other related parties	89,635,106	120,056,289	-	-
Advance payments on behalf of other related parties	131,515,596	47,753,619	-	-

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

10.5) Amounts due from related parties

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
	Other related parties	290,533,802	87,240,764	-
Subsidiary	-	-	6,250,000	-
	<u>290,533,802</u>	<u>87,240,764</u>	<u>6,250,000</u>	<u>-</u>

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2013: 6.00% per annum).

Asia Aviation Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2014

10 Related party transactions (Cont'd)

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

10.6) Amounts due to related parties

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
Other related parties	428,771,095	506,830,215	-	-

10.7) Other non-current assets

	Consolidated		Company	
	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht	(Unaudited) 31 March 2014 Baht	(Audited) 31 December 2013 Baht
Aircraft rental deposits				
Other related party	619,099,670	605,152,224	-	-
Fuel price swap deposit				
Other related party	16,152,500	16,338,900	-	-

11 Commitments

For the three-month period ended 31 March 2014, there were no significant changes in commitments or contingent liabilities from the year ended 31 December 2013 (please see consolidated and company financial statements for the year ended 31 December 2013).

As at 31 March 2014, the Group had the future aggregate minimum lease payments in respect of non-cancellable aircraft lease agreements made with AirAsia (Mauritius) Limited, a related company for 28 aircraft (as at 31 December 2013: 27 aircraft) and insurance agreements for 37 aircraft (as at 31 December 2013: 35 aircraft) as follows:

	Consolidated			
	(Unaudited) 31 March 2014		(Audited) 31 December 2013	
	Rental US Dollars	Insurance agreements US Dollars	Rental US Dollars	Insurance agreements US Dollars
Within 1 year	115,260,000	223,398	111,480,000	893,590
Later than 1 year but not later than 5 years	461,040,000	-	445,920,000	-
Later than 5 years	360,200,712	-	362,093,589	-
Total	936,500,712	223,398	919,493,589	893,590

12 Net fair value of financial instruments

Fuel price swap agreements

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

	Consolidated		Company	
	(Unaudited) 31 March 2014 US Dollars	(Audited) 31 December 2013 US Dollars	(Unaudited) 31 March 2014 US Dollars	(Audited) 31 December 2013 US Dollars
Favourable fuel price swap agreements	30,964	309,928	-	-

13 Letters of guarantee

The Group had commitments relating to guarantees issued by banks 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					
	(Unaudited) 31 March 2014			(Audited) 31 December 2013		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	6.75	0.09	12.38	6.75	0.09	3.38
Guarantees relating to maintenance reserve fund	-	9.59	-	-	9.59	-
Total	6.75	9.68	12.38	6.75	9.68	3.38

The Group also used its fixed-deposit accounts as collateral for these letters of guarantee as follows:

	Consolidated			
	(Unaudited) 31 March 2014		(Audited) 31 December 2013	
	Baht million	Indian Rupee million	Baht million	Indian Rupee million
Fixed-deposit accounts	337.37	12.68	337.37	3.68

14 Promotional privileges

On 13 March 2013, a subsidiary received a certificate of promotional privileges from the Board of Investment (“BOI”) for 24 aircraft for the business of air transportation. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income tax for the promoted activities for a period of eight years from the date when income is first derived. To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates. The conditions require that the subsidiary’s authorised and paid-up share capital shall not less than Baht 435.5 million.

As at 31 March 2014, the subsidiary had received 10 aircraft under such certificate of promotional privileges from the BOI (As at 31 December 2013: 8 aircraft).