

**ASIA AVIATION PUBLIC COMPANY LIMITED**

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

**30 JUNE 2012**



## 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 statements of financial position as at 30 June 2012, the related consolidated and company statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011, the related consolidated and company statement of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2012 and 2011 (2011: the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows were presented as proportionate consolidated financial statements) and condensed notes to interim financial information of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited. 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 reviews.

### Scope of review

I conducted my reviews 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 reviews, 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".



**Statement of financial position as at 31 December 2011 presented for comparative purposes**

I have audited the proportionate consolidated and company financial statements for the year ended 31 December 2011 of Asia Aviation Public Company Limited, in accordance with Thai Standards on Auditing and expressed an unqualified opinion on those statements in my report dated 8 March 2012. The proportionate consolidated and company statements of financial position as at 31 December 2011, presented for comparative purposes, are part of the financial statements. I have not performed any other auditing procedures subsequent to the date of that report.

A handwritten signature in black ink, appearing to read 'Chanchai Chaiprasit', written in a cursive style.

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

Bangkok  
8 August 2012

**Asia Aviation Public Company Limited**  
**Statements of Financial Position**  
**As at 30 June 2012 and 31 December 2011**

	Notes	Consolidated	Proportionate consolidated	Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 June	31 December	30 June	31 December
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		2,814,143,310	694,425,971	42,854,720	977,900
Cash at financial institutions					
pledged as security		174,483,200	7,373,833	-	-
Short-term investments		2,186,548,882	4,651,341	-	-
Trade and other receivables	6	332,883,703	97,835,916	-	-
Amounts due from					
related parties	15.5	204,148,019	140,742,129	-	-
Inventories		50,074,854	26,128,736	-	-
Prepaid expenses		259,124,725	115,024,798	2,071	-
Value added tax receivable, net		61,631,240	351,470,624	-	-
Other current assets		18,665,335	13,392,997	-	3,530,000
<b>Total current assets</b>		<b>6,101,703,268</b>	<b>1,451,046,345</b>	<b>42,856,791</b>	<b>4,507,900</b>
<b>Non-current assets</b>					
Cash at financial institutions					
pledged as security		8,152,226	28,559,991	-	-
Investment in a subsidiary	7	-	-	3,067,114,370	-
Investment in a joint venture	8	-	-	-	403,999,930
General investment		6,929,500	3,534,044	-	-
Leasehold improvements and					
equipment, net	9	372,831,220	154,498,165	24	2,006
Intangible assets, net	9	14,867,493,886	7,274,065	89	1,052
Goodwill	10	7,415,116,414	286,184,317	-	-
Other non-current assets		626,900,745	292,419,374	-	-
<b>Total non-current assets</b>		<b>23,297,423,991</b>	<b>772,469,956</b>	<b>3,067,114,483</b>	<b>404,002,988</b>
<b>Total assets</b>		<b>29,399,127,259</b>	<b>2,223,516,301</b>	<b>3,109,971,274</b>	<b>408,510,888</b>

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

**Asia Aviation Public Company Limited**  
**Statements of Financial Position (Cont'd)**  
**As at 30 June 2012 and 31 December 2011**

	Notes	Consolidated	Proportionate consolidated	Company	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		30 June	31 December	30 June	31 December
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade accounts payable		72,755,760	54,025,061	-	-
Other accounts payable		97,897,707	33,848,064	6,520,460	-
Amounts due to related parties	15.6	372,271,473	184,156,928	-	-
Deferred revenues		2,989,642,701	1,385,345,343	-	-
Accrued expenses		481,446,439	247,386,536	24,815,886	4,577,061
Current portion of long-term borrowing from a financial institution	11	-	247,859,915	-	-
Current portion of finance lease liabilities		4,162,144	2,431,587	-	-
Accrued income tax		46,583,323	-	-	-
Other current liabilities		32,197,355	7,175,962	394,019	20,736
<b>Total current liabilities</b>		<b>4,096,956,902</b>	<b>2,162,229,396</b>	<b>31,730,365</b>	<b>4,597,797</b>
<b>Non-current liabilities</b>					
Long-term borrowing from a financial institution	11	-	6,713,256	-	-
Finance lease liabilities		7,694,796	4,719,811	-	-
Employee benefit obligations		100,706,723	42,203,653	-	-
<b>Total non-current liabilities</b>		<b>108,401,519</b>	<b>53,636,720</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>4,205,358,421</b>	<b>2,215,866,116</b>	<b>31,730,365</b>	<b>4,597,797</b>

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

**Asia Aviation Public Company Limited**  
**Statements of Financial Position (Cont'd)**  
**As at 30 June 2012 and 31 December 2011**

	<b>Note</b>	<b>Consolidated</b>	<b>Proportionate</b>	<b>Company</b>	
		<b>(Unaudited)</b>	<b>Consolidated</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
		<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and shareholders' equity (Cont'd)</b>					
<b>Shareholders' equity</b>					
Share capital					
Authorised share capital					
Ordinary shares,					
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 12					
Ordinary shares,					
shares 4,850,000,000 shares					
of paid-up Baht 0.1 each					
(31 December 2011: Ordinary shares,					
shares 4,100,000,000 shares					
of paid-up Baht 0.1 each)					
		485,000,000	410,000,000	485,000,000	410,000,000
Premium on share capital	12	2,602,171,649	-	2,602,171,649	-
Other component of equity					
Effect of change in proportion of					
investment in a joint venture					
		-	(15,526,868)	-	-
Other reserves					
		(73,044,167)	-	-	-
Retained earnings (deficits)		14,746,156,022	(386,822,947)	(8,930,740)	(6,086,909)
<b>Equity attributable to owners</b>					
<b>of the parent</b>					
		17,760,283,504	7,650,185	3,078,240,909	403,913,091
Non-controlling interests					
		7,433,485,334	-	-	-
<b>Total shareholders' equity</b>					
		25,193,768,838	7,650,185	3,078,240,909	403,913,091
<b>Total liabilities and shareholders' equity</b>					
		29,399,127,259	2,223,516,301	3,109,971,274	408,510,888

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

**Asia Aviation Public Company Limited**  
**Statements of Comprehensive Income (Unaudited)**  
**For the three-month periods ended 30 June 2012 and 2011**

	Notes	Consolidated	Proportionate	Company	
		2012	consolidated	2012	2011
		Baht	Baht	Baht	Baht
Revenues		3,572,170,332	1,916,368,868	-	-
Operating costs		(3,418,372,209)	(1,714,568,436)	-	-
<b>Gross profit</b>		153,798,123	201,800,432	-	-
Net gain on exchange rates		43,018,490	34,011,248	-	-
Gain on fair value of previously held equity interests	7	14,689,965,229	-	-	-
Other income		100,097,078	53,723,987	213,652	14,508
<b>Profit before expenses</b>		14,986,878,920	289,535,667	213,652	14,508
Selling expenses		(30,316,779)	(40,551,281)	-	-
Administrative expenses		(108,874,374)	(44,822,731)	(2,286,992)	(148,022)
<b>Profit (loss) before finance costs and income tax</b>		14,847,687,767	204,161,655	(2,073,340)	(133,514)
Finance costs		(135,376)	(40,247,397)	(225,173)	-
<b>Profit (loss) before income tax</b>		14,847,552,391	163,914,258	(2,298,513)	(133,514)
Income tax		(48,355,749)	-	-	-
<b>Net profit (loss) for the period</b>		14,799,196,642	163,914,258	(2,298,513)	(133,514)
<b>Total comprehensive income (expense) for the period</b>		14,799,196,642	163,914,258	(2,298,513)	(133,514)
<b>Profit (loss) attributable to:</b>					
Owners of the parent		14,816,486,813	163,914,258	(2,298,513)	(133,514)
Non-controlling interests		(17,290,171)	-	-	-
		14,799,196,642	163,914,258	(2,298,513)	(133,514)
<b>Earnings (loss) per share</b>					
Basic earnings (loss) per share	14	3.39	0.04	(0.00)	(0.00)

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

**Asia Aviation Public Company Limited**  
**Statements of Comprehensive Income (Unaudited) (Cont'd)**  
**For the six-month periods ended 30 June 2012 and 2011**

	Notes	Consolidated	Proportionate	Company	
		2012	consolidated	2012	2011
		Baht	Baht	Baht	Baht
Revenues		6,054,904,926	3,996,493,273	-	-
Operating costs		(5,474,051,438)	(3,322,488,730)	-	-
<b>Gross profit</b>		580,853,488	674,004,543	-	-
Net gain on exchange rates		44,723,628	51,995,555	-	-
Gain on fair value of previously held equity interests	7	14,689,965,229	-	-	-
Other income		149,198,390	132,940,352	213,652	14,508
<b>Profit before expenses</b>		15,464,740,735	858,940,450	213,652	14,508
Selling expenses		(130,953,673)	(87,020,350)	-	-
Administrative expenses		(166,556,004)	(84,601,266)	(2,832,310)	(357,945)
<b>Profit (loss) before finance costs and income tax</b>		15,167,231,058	687,318,834	(2,618,658)	(343,437)
Finance costs		(3,186,511)	(77,816,231)	(225,173)	-
<b>Profit (loss) before income tax</b>		15,164,044,547	609,502,603	(2,843,831)	(343,437)
Income tax		(48,355,749)	-	-	-
<b>Net profit (loss) for the period</b>		15,115,688,798	609,502,603	(2,843,831)	(343,437)
<b>Total comprehensive income (expense) for the period</b>		15,115,688,798	609,502,603	(2,843,831)	(343,437)
<b>Profit (loss) attributable to:</b>					
Owners of the parent		15,132,978,969	609,502,603	(2,843,831)	(343,437)
Non-controlling interests		(17,290,171)	-	-	-
		15,115,688,798	609,502,603	(2,843,831)	(343,437)
<b>Earnings (loss) per share</b>					
Basic earnings (loss) per share	14	3.57	0.15	(0.00)	(0.00)

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



**Asia Aviation Public Company Limited**  
**Statements of Changes in Shareholder's Equity (Unaudited)**  
**For the six-month periods ended 30 June 2012 and 2011**

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	<b>Proportionate consolidated</b>		
<b>Note</b>	<b>Issued and paid-up share capital Baht</b>	<b>Deficits Baht</b>	<b>Total Baht</b>
<b>Opening balance as at 1 January 2011</b>	410,000,000	(1,369,403,410)	(959,403,410)
Adjustment for adoption of a new accounting standard	4.1 -	(31,541,528)	(31,541,528)
<b>Balance after adjustment</b>	410,000,000	(1,400,944,938)	(990,944,938)
Total comprehensive income for the period	-	609,502,603	609,502,603
<b>Closing balance as at 30 June 2011</b>	<u>410,000,000</u>	<u>(791,442,335)</u>	<u>(381,442,335)</u>

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

**Asia Aviation Public Company Limited**  
**Statements of Changes in Shareholder's Equity (Unaudited) (Cont'd)**  
**For the six-month periods ended 30 June 2012 and 2011**

	Consolidated								
	Attributable to owners of the parent						Total owners of the parent	Non- controlling interests	Total shareholders' equity
	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings (Deficits) Baht	Other component of equity				
					Other reserves Baht	Effect of change in proportion of investment in a joint venture Baht			
<b>Opening balance as at 1 January 2012</b>		410,000,000	-	(386,822,947)	-	(15,526,868)	7,650,185	-	7,650,185
Ordinary shares issued	12	75,000,000	2,700,000,000	-	-	-	2,775,000,000	-	2,775,000,000
Transaction costs	12	-	(97,828,351)	-	-	-	(97,828,351)	-	(97,828,351)
Effect of change in investments									
from a joint venture to a subsidiary		-	-	-	-	15,526,868	15,526,868	7,450,775,505	7,466,302,373
Effect of share based payment		-	-	-	(73,044,167)	-	(73,044,167)	-	(73,044,167)
Total comprehensive income									
(expense) for the period		-	-	15,132,978,969	-	-	15,132,978,969	(17,290,171)	15,115,688,798
<b>Closing balance as at 30 June 2012</b>		<b>485,000,000</b>	<b>2,602,171,649</b>	<b>14,746,156,022</b>	<b>(73,044,167)</b>	<b>-</b>	<b>17,760,283,504</b>	<b>7,433,485,334</b>	<b>25,193,768,838</b>

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

**Asia Aviation Public Company Limited**  
**Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)**  
**For the six-month periods ended 30 June 2012 and 2011**

	Notes	Company			Total Baht
		Issued and paid-up share capital Baht	Premium on share capital Baht	Deficits Baht	
<b>Opening balance as at 1 January 2011</b>		410,000,000	-	(4,112,288)	405,887,712
Adjustment for adoption of a new accounting standard	4.1	-	-	-	-
<b>Balance after adjustment</b>		410,000,000	-	(4,112,288)	405,887,712
Total comprehensive expense for the period		-	-	(343,437)	(343,437)
<b>Closing balance as at 30 June 2011</b>		<u>410,000,000</u>	<u>-</u>	<u>(4,455,725)</u>	<u>405,544,275</u>
<b>Opening balance as at 1 January 2012</b>		410,000,000	-	(6,086,909)	403,913,091
Ordinary share issued	12	75,000,000	2,700,000,000	-	2,775,000,000
Transaction costs	12	-	(97,828,351)	-	(97,828,351)
Total comprehensive expense for the period		-	-	(2,843,831)	(2,843,831)
<b>Closing balance as at 30 June 2012</b>		<u>485,000,000</u>	<u>2,602,171,649</u>	<u>(8,930,740)</u>	<u>3,078,240,909</u>

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

**Asia Aviation Public Company Limited**  
**Statements of Cash Flows (Unaudited)**  
**For the six-month periods ended 30 June 2012 and 2011**

	Notes	Consolidated	Proportionate consolidated	Company	
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit (loss) before income tax		15,164,044,547	609,502,603	(2,843,831)	(343,437)
Adjustments for:					
Depreciation	9	24,087,038	17,031,648	1,982	2,794
Amortisation	9	1,355,490	1,236,991	963	642
Gain on fair value of previously held equity interest	7	(14,689,965,229)	-	-	-
Loss (gain) on disposals of leasehold improvements and equipment		1,140,975	(1,412,733)	-	-
Employee benefit expenses		15,209,612	4,692,716	-	-
Unrealised gain on exchange rates		(25,320,867)	(14,289,889)	-	-
Finance costs		3,186,511	77,816,231	225,173	-
Interest income		(23,749,502)	(58,767,646)	(207,099)	(14,508)
		469,988,575	635,809,921	(2,822,812)	(354,509)
<b>Changes in operating assets and liabilities (excluding the effects of change in a joint venture to a subsidiary)</b>					
- Cash at financial institutions pledged as security		(57,210,211)	977,400	-	-
- Trade and other receivables		(115,157,393)	(1,986,061)	-	-
- Amounts due from related parties		(13,443,755)	754,447,843	-	(2,156,435)
- Inventories		261,460	(1,514,071)	-	-
- Prepaid expenses		(37,807,684)	(57,454,629)	(2,071)	-
- Value added tax receivable		341,573,596	(7,420,849)	-	-
- Other current assets		4,966,548	25,845,211	3,530,000	-
- Other non-current assets		(56,554,190)	(17,106,834)	-	-
- Trade accounts payable		(30,616,040)	11,399,315	-	-
- Other accounts payable		25,091,985	19,793,881	-	-
- Amounts due to related parties		9,163,285	(1,480,802,352)	-	(486,987)
- Deferred revenues		301,202,546	7,555,905	-	-
- Accrued expenses		(77,390,093)	(45,368,817)	(3,735,000)	40,839
- Other current liabilities		16,447,983	(3,457,957)	373,283	3,123
Cash generated from (used in) operation		780,516,612	(159,282,094)	(2,656,600)	(2,953,969)
Interest paid		-	(73,909,394)	(225,173)	-
Interest received		4,931,579	62,686,163	207,099	-
Income tax paid		(1,772,426)	-	-	-
Net cash generated from (used in) operating activities		783,675,765	(170,505,325)	(2,674,674)	(2,953,969)

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

**Asia Aviation Public Company Limited**  
**Statements of Cash Flows (Unaudited) (Cont'd)**  
**For the six-month periods ended 30 June 2012 and 2011**

	Notes	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
<b>Cash flows from investing activities</b>					
Short-term loan granted to a director		-	(31,520,600)	-	-
Short-term loan repayments received from a director		-	19,020,600	-	-
Cash received from change in investment in a joint venture to a subsidiary		625,297,714	-	-	-
Payments for short-term investments		(1,650,038,876)	-	-	-
Proceeds from disposals of leasehold improvements and equipment		647,437	1,590,866	-	-
Payments for leasehold improvements and equipment		(47,040,848)	(12,710,771)	-	-
Payments for intangible assets		(166,770)	(387,686)	-	-
Payments for investment in a subsidiary	7	-	-	(2,663,114,440)	-
Interest received		6,335,040	839,019	-	14,508
Net cash generated from (used in) investing activities		<u>(1,064,966,303)</u>	<u>(23,168,572)</u>	<u>(2,663,114,440)</u>	<u>14,508</u>
<b>Cash flows from financing activities</b>					
Proceeds from issue of ordinary shares	12	2,634,621,767	-	2,707,665,934	-
Repayments of short-term borrowings from a financial institution		-	(100,000,000)	-	-
Repayments of finance lease		(1,175,075)	(1,013,534)	-	-
Proceed from long-term borrowing from a financial institution		-	480,581,626	-	-
Repayments of long-term borrowing from a financial institution	11	(254,573,171)	(20,250,000)	-	-
Interest paid		(3,186,511)	(3,804,627)	-	-
Net cash generated from financing activities		<u>2,375,687,010</u>	<u>355,513,465</u>	<u>2,707,665,934</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,094,396,472</b>	<b>161,839,568</b>	<b>41,876,820</b>	<b>(2,939,461)</b>
Cash and cash equivalents at the beginning of the period		694,425,971	260,382,951	977,900	6,472,054
Effect of exchange rates		25,320,867	14,289,889	-	-
<b>Cash and cash equivalents at the end of the period</b>		<b><u>2,814,143,310</u></b>	<b><u>436,512,408</u></b>	<b><u>42,854,720</u></b>	<b><u>3,532,593</u></b>

**Non-cash transactions**

Significant non-cash transactions during the periods ended 30 June 2012 and 2011 are as follows:

Purchase of leasehold improvements and equipment which have not been paid		6,412,277	5,462,252	-	-
Unpaid liabilities from issuance of share capital	12	30,494,285	-	30,494,285	-
Landing rights acquired from change in investment in a joint venture to a subsidiary	7	14,856,000,000	-	-	-

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

**Asia Aviation Public Company Limited**  
**Condensed Notes to the Interim Consolidated and Company Financial Information (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2012 and 2011**

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**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:

99 OSC Building 1<sup>st</sup> floor, Moo 5, Kingkaew Road, Rachatewa, Bangplee, Samutprakarn 10540.

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%. (2011: 51%).

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

As disclosed in Note 7, Thai AirAsia Company Limited changed from the Company’s joint venture to a subsidiary under the “Amended and Restated Shareholders’ Agreement”.

These interim consolidated and company financial information were approved by the Board of Directors on 8 August 2012.

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

**2 Basis of preparation**

These interim consolidated and company financial information have been 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 (“SEC”) under the Securities and Exchange Act. 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 SEC. The notes to the financial information are prepared in a condensed format according to Thai Accounting Standard 34, “Interim Financial Reporting” and additional notes are presented as required by SEC.

These interim consolidated and Company financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

An English version of the interim consolidated and company financial information has been prepared from the interim financial information that are 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.

### **3 Significant accounting policies**

The accounting policies used in the preparation of the interim consolidated and company financial information are consistent with those used in the proportionate consolidated and company financial statements for the year ended 31 December 2011 except as described in Note 4.

#### **New accounting standards, amendments to accounting standards and new financial reporting standards**

The new accounting standards, amendments to accounting standards and new financial reporting standards are mandatory for the accounting periods beginning on or after 1 January 2013, which are currently relevant to the Group but the Group has not early adopted them are as follows:

TAS 12	Income taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The management has assessed and determined that the new accounting standards, amendments to accounting standards and new financial reporting standards will not significantly impact the interim consolidated and company financial information being presented except for TAS 12 which the management is currently assessing the impact of applying this standard.

TFRS 8: The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from 1 January 2013. The expected impact is still being assessed in detail by management, it appears that the Group may need to disclose operating segments that is consistent with the internal reporting provided to the chief operating decision-maker.

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

**4 New accounting policies**

**4.1) Employee benefits**

The Group has applied Thai Accounting Standard 19, which dealt with accounting for employee benefits since 1 January 2011 by adjusting a total amount against the deficits as of 1 January 2011. The effects of the adoption of the above standards were as follows:

	<b>Proportionate consolidated Baht</b>	<b>Company Baht</b>
<b>Statement of changes in shareholders' equity</b>		
Deficits as of 1 January 2011 increased	31,541,528	-

**4.2) Share-based payment**

As disclosed in Note 13, the Group has share-based payment transactions so the Group applied Thai Financial Reporting Standard 2, which dealt with accounting for transactions in which an entity receives goods or services as consideration for either:

- Equity instruments of the entity (equity-settled) which is recognised as equity; or
- Cash or other assets, the amount of which is based on the price or value of the entity's share (cash-settled) that is recognised as liability.

The measurement of the transaction is based on the fair value of the goods or service received. The equity-settled transactions are not re-measured once the grant date fair value has been determined. The cash-settled transactions are required to be re-measured at the date of each statement of financial position and at the date of settlement, with change in fair value recognised in profit or loss.

**4.3) Business combinations**

As disclosed in Note 7, Thai AirAsia Company Limited changed from the Company's joint venture to a subsidiary so the Group applied Thai Financial Reporting Standard 3 (revised 2009), which dealt with accounting for business combination. The revised standard requires to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt and are subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the 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. All acquisition-related costs should be expenses.



**4 New accounting policies (Cont'd)**

**4.4) 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 information, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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 profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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**5 Segment information**

The Group does not disclose the segment information because there is no significant business segment other than the provision of air transportation services.

**6 Trade and other receivables**

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Trade accounts receivable	263,136,604	79,456,542	-	-
Accrued revenues	48,820,371	16,596,705	-	-
Other accounts receivable	20,926,728	1,782,669	-	-
Total trade and other receivables	332,883,703	97,835,916	-	-

Trade accounts receivable can be analysed by age as follows:

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Up to 3 months	236,558,872	71,932,116	-	-
3 - 6 months	12,875,664	3,805,546	-	-
6 - 12 months	7,419,143	2,553,899	-	-
Over 12 months	6,282,925	1,164,981	-	-
Total trade accounts receivable	263,136,604	79,456,542	-	-

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**7 Investment in a subsidiary**

Details of investment in a subsidiary are as follows:

				Company		
				(Unaudited) 30 June 2012	(Audited) 31 December 2011	
Business	Total number of holding shares	Par value Baht per share	% of shareholding Percent	Cost method Baht	Cost method Baht	
Thai AirAsia Company Limited	providing a low-fare airline service	23,955,553	10	55.00	3,067,114,370	-
					3,067,114,370	-

The movement of investment in a subsidiary for the six-month period ended 30 June 2012 is as follows:

	Company (Unaudited) Baht
Opening book amount	-
Change of investment from investment in a joint venture to a subsidiary	403,999,930
Additional investment	2,663,114,440
Closing book amount	3,067,114,370

As at 31 December 2011, Thai AirAsia Company Limited was jointly controlled by the Company and AirAsia Investment Ltd., incorporated in Malaysia, which own 51% and 49% of the joint venture's shares, respectively. Investment in Thai AirAsia Company Limited was considered as investment in a joint venture according to the shareholder's agreement.

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, totalling Baht 2,663.11 million, or Baht 749 each. Therefore, the Company's shareholding interest in Thai AirAsia Company Limited increased from 51% to 55% from that date.

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**7 Investment in a subsidiary (Cont'd)**

Details of net assets acquired and effect of the change from investment in a joint venture to investment in a subsidiary are as follows:

	<b>As at 4 May 2012<sup>(a)</sup> Baht</b>
Fair value of previously held equity interest in Thai AirAsia Company Limited	15,170,005,205
	<u>15,170,005,205</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,276,117,328
Short-term investments	1,085,425,460
Trade accounts receivable and amounts due from related parties	321,162,427
Inventories and other current assets	392,801,737
Cash at financial institutions pledged as security	182,635,426
General investment	6,929,500
Leasehold improvements and equipment, net	384,130,782
Landing rights	14,856,000,000
Intangible assets, net	13,254,382
Other non-current assets	567,198,126
Trade accounts payable and amounts due to related parties	(465,914,117)
Deferred revenues	(2,659,376,219)
Accrued expenses and other current liabilities	(654,345,317)
Finance lease liabilities	(12,001,255)
Employee benefit obligations	(88,353,964)
Identifiable net assets (liabilities) acquired <sup>(b)</sup>	15,205,664,296
Non-controlling interests	(7,450,775,505)
Goodwill <sup>(b)</sup>	7,415,116,414
	<u>15,170,005,205</u>

(a) The amounts of assets and liabilities were based on financial information from management as at 30 April 2012 as it was the nearest accounting closing date, to the acquisition date (4 May 2012) which the financial information was made available.

(b) As at 30 June 2012, the Company is under the process of determining fair value of the acquired net assets and reviewing purchase price allocation ("PPA"). Therefore, the goodwill presented above may be subject to further adjustments depending on the determination of fair value and the result of the PPA, which is expected to be finalised within 12 months from the acquisition date.

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**7 Investment in a subsidiary (Cont'd)**

The goodwill amount of Baht 7,415.12 million arises from a number of factors such as the fact that Thai AirAsia Company Limited has a strong financial position and profitability in airline business and there are unrecognised assets such as the experienced workforce in airline industry.

The fair value of 51% interest in Thai AirAsia Company Limited's ordinary shares previously held before acquisition date is based on the offering price of the Company's ordinary shares as of 29 May 2012.

The non-controlling interests were recognised by using the non-controlling interests' proportionate share of the acquiree's net assets.

The Group recognised a gain of Baht 14,689.97 million arising from fair value measurement of its 51% interest in Thai AirAsia Company Limited held before the Company has gained controls. The gain is recognised as gain on fair value of previously held equity interests under the consolidated statement of comprehensive income for the period ended 30 June 2012.

**8 Investment in a joint venture**

Details of jointly controlled company are as follows:

	Business	Total number of holding shares	Par value Baht per share	% of shareholding Percent	Company	
					(Unaudited) 30 June 2012	(Audited) 31 December 2011
					Cost method Baht	Cost method Baht
Thai AirAsia Company Limited	providing a low-fare airline service	20,399,993	10	51.00	-	403,999,930
					-	403,999,930

The movement of investment in a joint venture for the six-month period ended 30 June 2012 is as follows:

	Company (Unaudited) Baht
Opening book amount	403,999,930
Change of investment from investment in a joint venture to a subsidiary	(403,999,930)
Closing book amount	-

During the period, Thai AirAsia Company Limited was reclassified from investment in a joint venture to investment in a subsidiary as the Company has control over this company as mentioned in Note 7.

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**9 Leasehold improvements, equipment and intangible assets, net**

	<b>Consolidated</b>				<b>Company</b>		
	<b>Leasehold improvements and equipment Baht</b>	<b>Computer software and computer software under installation Baht</b>	<b>Landing rights Baht</b>	<b>Intangible assets</b>		<b>Leasehold improvements and equipment Baht</b>	<b>Intangible assets</b>
<b>Total Baht</b>					<b>Computer software and computer software under installation Baht</b>		
<b>For the six-month period ended 30 June 2012 (Unaudited)</b>							
Opening net book amount	154,498,165	7,274,065	-	7,274,065	2,006	1,052	
Additions	54,898,245	166,770	-	166,770	-	-	
Increase from gaining control in a subsidiary	384,130,782	13,254,382	14,856,000,000	14,869,254,382	-	-	
Decrease from changing from investment in a joint venture to a subsidiary	(195,906,631)	(6,759,732)	-	(6,759,732)	-	-	
Disposals, net	(702,303)	(1,086,109)	-	(1,086,109)	-	-	
Depreciation/amortisation	(24,087,038)	(1,355,490)	-	(1,355,490)	(1,982)	(963)	
Closing net book amount	<u>372,831,220</u>	<u>11,493,886</u>	<u>14,856,000,000</u>	<u>14,867,493,886</u>	<u>24</u>	<u>89</u>	

The significant additions in consolidated financial information for the six-month period ended 30 June 2012 are the additions of landing rights and leasehold improvements and equipment which are identifiable assets acquired from gaining control in a subsidiary amounting to Baht 14,856.00 million and Baht 384.13 million, respectively (Note 7).

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**10 Goodwill**

	<b>Consolidated (Unaudited) Baht</b>
<b>For the six-month period ended 30 June 2012</b>	
Opening book amount	286,184,317
Decrease from changing from investment in a joint venture to a subsidiary	(286,184,317)
Increase from gaining control in a subsidiary (Note 7)	7,415,116,414
Closing book amount	<u>7,415,116,414</u>

**11 Long-term borrowing from a financial institution**

Maturity of long-term borrowing from a financial institution is as follows:

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Within 1 year	-	247,859,915	-	-
Over 1 year but less than 5 years	-	6,713,256	-	-
	<u>-</u>	<u>254,573,171</u>	<u>-</u>	<u>-</u>

Movements in long-term borrowing from a financial institution are summarised as follows:

	<b>Consolidated (Unaudited) Baht</b>	<b>Company (Unaudited) Baht</b>
<b>For the six-month period ended 30 June 2012</b>		
Opening book amount	254,573,171	-
Loan repayments	(254,573,171)	-
Closing book amount	<u>-</u>	<u>-</u>

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**12 Share capital**

	<b>Par value Baht</b>	<b>Number of authorised ordinary shares Shares</b>	<b>Issued and paid-up ordinary shares Shares</b>	<b>Issued and paid-up ordinary shares Baht</b>	<b>Share premium Baht</b>	<b>Total Baht</b>
At 1 January 2012	0.1	4,850,000,000	4,100,000,000	410,000,000	-	410,000,000
Issue of shares	0.1	-	750,000,000	75,000,000	2,602,171,649	2,677,171,649
As at 30 June 2012	0.1	4,850,000,000	4,850,000,000	485,000,000	2,602,171,649	3,087,171,649

On 29 May 2012, the Company placed its Initial Public Offering (“IPO”) amounting to 750 million new ordinary shares with an offering price of Baht 3.70 per share totalling Baht 2,775 million, on the Stock Exchange of Thailand (“SET”). On 31 May 2012, the new ordinary shares of the Company were traded at the main board of the SET. The Company incurred underwriter fees and other expenses relating to the share issuance of Baht 28.74 and Baht 69.09 million, respectively. The underwriter fees and other expenses relating to the share issuance were presented as netted with related share premium. As at 30 June 2012, the outstanding liabilities of Baht 30.49 million have not been paid and were included under other accounts payable and accrued expenses in the statement of financial position.

**13 Share-based payment**

On 9 May 2012, Thai AirAsia Company Limited, its subsidiary, announced to allot new issuance of initial public offering ordinary share of the Company of 23.69 million shares totalling Baht 87.65 million to grant to its eligible employees. The value of the shares granted to employees is equal to the public offering price of the shares. The plan is conditional on completed service of the employees for one year after initial public offering date of the Company, then the employees would be able to sell the granted shares.

On 29 May 2012, the eligible employees acquired the granted shares totalling 23.69 million shares.

During the period, the Group recognised the expenses related to equity-settled share-based payments in the statement of comprehensive income totalling Baht 14.61 million.



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**14 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		Proportionate consolidated		Company	
	For the three-month periods ended 30 June (Unaudited)					
	2012	2011	2012	2011	2012	2011
Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht)	14,816,486,813	163,914,258	(2,298,513)	(133,514)		
Weighted average number of paid-up ordinary shares outstanding during the period (Shares)	4,371,978,022	4,100,000,000	4,371,978,022	4,100,000,000		
Basic earnings (loss) per share (Baht)	3.39	0.04	(0.00)	(0.00)		

	Consolidated		Proportionate consolidated		Company	
	For the six-month periods ended 30 June (Unaudited)					
	2012	2011	2012	2011	2012	2011
Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht)	15,132,978,969	609,502,603	(2,843,831)	(343,437)		
Weighted average number of paid-up ordinary shares outstanding during the period (Shares)	4,235,989,011	4,100,000,000	4,235,989,011	4,100,000,000		
Basic earnings (loss) per share (Baht)	3.57	0.15	(0.00)	(0.00)		

The Group does not have diluted ordinary shares as at 30 June 2012 and 2011.

**15 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 management of the Company. The remaining is widely held.

**15 Related party transactions (Cont'd)**

Related party transactions were carried out on conditions as follows:

	<u>Pricing policies</u>
- Interest income	At a mutual agreed rate and equivalent to interest expenses rate paid to other related parties.
- Share of loss (gain) on fuel price swap agreements	Based on fuel consumption ratio.
- Share of staff costs for accounting services	Actual staff costs allocated by number of aircrafts.
- Aircraft rental	For aircrafts owned by AirAsia Berhad, rental charge is based on AirAsia Berhad's cost of capital. For sub-leased aircrafts, rental charge is based on master agreement that AirAsia Group has leased from a third party adjusted with some assumptions to reflect the subsidiary's credit risk profile.
- Aircraft repair and maintenance	Based on the average of the contractual amount between AirAsia Berhad and the vendor, adjusted for annual escalation and stepped incremental rates under the master agreement.
- Expenses paid on behalf for purchasing of merchandises and equipment	At the purchase price with third parties.
- Management fee expenses	At agreement price with AirAsia Berhad.
- Booking fee expenses	At agreement price which approximates the master agreement that AirAsia Group has agreed with third parties.
- Pilot training expenses	Under negotiation process with Asian Aviation Centre of Excellence Sdn Bhd (CAE).
- Brand license fee <sup>(a)</sup>	At 1% of total revenues per annum (started in 2012).
- Interest expenses	At a rate equivalent to AirAsia Group's borrowing rate.

<sup>(a)</sup> On 18 June 2012, the Group had received the letter from AirAsia Berhad to waive the brand license fee charge for one year from 1 January 2012 to 31 December 2012.

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**15 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties:

**15.1) Income**

	<u>Consolidated</u>	<u>Proportionate consolidated</u>	<u>Company</u>	
	<u>For the three-month periods ended 30 June (Unaudited)</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Interest income</b>				
Other related parties	183,351	33,674,952	-	-
A director	-	189,312	-	-
	<u>183,351</u>	<u>33,864,264</u>	<u>-</u>	<u>-</u>

	<u>Consolidated</u>	<u>Proportionate consolidated</u>	<u>Company</u>	
	<u>For the six-month periods ended 30 June (Unaudited)</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
<b>Interest income</b>				
Other related parties	975,588	57,521,197	-	-
A director	-	407,429	-	-
	<u>975,588</u>	<u>57,928,626</u>	<u>-</u>	<u>-</u>

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**15 Related party transactions (Cont'd)**

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

**15.2) Purchases of goods and services**

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>For the three-month periods ended 30 June (Unaudited)</b>			
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Share of loss (gain) from fuel swap agreements</b>				
Other related party	19,431,901	(2,418,296)	-	-
<b>Share of staff costs for accounting services</b>				
Other related parties	(5,531,582)	(2,769,592)	-	-
<b>Aircraft rental</b>				
Other related party	668,657,587	327,311,166	-	-
<b>Aircraft repair and maintenance</b>				
Other related party	259,136,916	118,253,166	-	-
<b>Purchase of merchandises and equipment</b>				
Other related party	53,574,309	8,916,498	-	-
<b>Management fee expenses</b>				
Other related party	3,189,779	1,828,554	-	-
<b>Booking fee expenses</b>				
Other related party	13,647,052	6,647,417	-	-
<b>Pilot training expenses</b>				
Other related parties	8,398,557	-	-	-
<b>Interest expenses</b>				
A subsidiary	-	-	225,173	-
Other related party	-	36,498,442	-	-
	-	36,498,442	225,173	-

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**15 Related party transactions (Cont'd)**

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

**15.2) Purchases of goods and services (Cont'd)**

	Consolidated	Proportionate consolidated	Company	
	For the six-month periods ended 30 June (Unaudited)			
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
<b>Share of gain from fuel swap agreements</b>				
Other related party	(915,665)	(8,078,592)	-	-
<b>Share of staff costs for accounting services</b>				
Other related parties	(10,057,085)	(6,826,166)	-	-
<b>Aircraft rental</b>				
Other related party	1,052,724,184	654,889,400	-	-
<b>Aircraft repair and maintenance</b>				
Other related party	407,729,745	238,553,754	-	-
<b>Purchase of merchandises and equipment</b>				
Other related party	77,072,871	18,318,673	-	-
<b>Management fee expenses</b>				
Other related party	5,077,968	3,678,056	-	-
<b>Booking fee expenses</b>				
Other related party	22,724,064	14,212,797	-	-
<b>Pilot training expenses</b>				
Other related parties	26,415,462	-	-	-
<b>Interest expenses</b>				
A subsidiary	-	-	225,173	-
Other related party	-	73,909,394	-	-
	-	73,909,394	225,173	-

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**15 Related party transactions (Cont'd)**

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

**15.3) Management remunerations**

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

	<b>Consolidated</b>		<b>Proportionate consolidated</b>		<b>Company</b>	
	<b>For the three-month periods ended 30 June (Unaudited)</b>					
	<b>2012</b>		<b>2011</b>		<b>2012</b>	<b>2011</b>
	<b>Baht</b>		<b>Baht</b>		<b>Baht</b>	<b>Baht</b>
Salaries and other short-term						
employee benefits	22,180,775		5,488,083		1,480,000	-
Retirement benefits	11,128,189		262,029		-	-
	<b>33,308,964</b>		<b>5,750,112</b>		<b>1,480,000</b>	<b>-</b>
	<b>Consolidated</b>		<b>Proportionate consolidated</b>		<b>Company</b>	
	<b>For the six-month periods ended 30 June (Unaudited)</b>					
	<b>2012</b>		<b>2011</b>		<b>2012</b>	<b>2011</b>
	<b>Baht</b>		<b>Baht</b>		<b>Baht</b>	<b>Baht</b>
Salaries and other short-term						
employee benefits	27,914,756		13,985,138		1,700,000	-
Retirement benefits	11,424,443		524,060		-	-
	<b>39,339,199</b>		<b>14,509,198</b>		<b>1,700,000</b>	<b>-</b>

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**15 Related party transactions (Cont'd)**

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

**15.4) Passenger revenues and expenses received and paid on behalf**

	Proportionate		Company	
	Consolidated	consolidated	ended 30 June (Unaudited)	
	For the three-month periods	ended 30 June	2012	2011
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
- Passenger revenues received on behalf of the Group by other related parties	581,922,020	470,339,846	-	-
- Cash received on behalf of other related party	86,770,254	61,246,934	-	-
- Expenses paid on behalf of the Group by other related parties	69,221,205	116,398,449	-	-
- Advance payment on behalf of other related parties	33,759,987	50,513,235	-	-
	Proportionate		Company	
	Consolidated	consolidated	ended 30 June (Unaudited)	
	For the six-month periods	ended 30 June	2012	2011
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
- Passenger revenues received on behalf of the Group by other related parties	919,703,349	1,233,853,402	-	-
- Cash received on behalf of other related party	149,493,537	127,576,306	-	-
- Expenses paid on behalf of the Group by other related parties	148,613,683	174,991,159	-	-
- Advance payment on behalf of other related parties	54,933,746	129,541,856	-	-
- Expenses paid on Behalf of the Company by a subsidiary	-	-	5,550,252	-

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**15 Related party transactions (Cont'd)**

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

**15.5) Amounts due from related parties**

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Amounts due from related parties</b>				
Other related parties	204,148,019	140,742,129	-	-

Amounts due from related parties have been charged the interest for overdue amount at 6.00% per annum (2011: 6.00% per annum).

**15.6) Amounts due to related parties**

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Amounts due to related parties</b>				
Other related parties	372,271,473	184,156,928	-	-

Amounts due to related parties are mainly denominated in US Dollars and have been charged the interest for overdue amount at 6.00% per annum (2011: 6.00% per annum).



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**15 Related party transactions (Cont'd)**

Outstanding balances arising from receivables, payables, other non-current assets and accrued expenses are summarised as follows: (Cont'd)

**15.7) Other non-current assets**

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Aircraft rental deposits</b>				
Other related party	543,750,636	253,912,027	-	-
<b>Fuel price swap deposits</b>				
Other related party	15,843,550	8,045,374	-	-

**15.8) Accrued expenses**

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Accrued pilot training expenses</b>				
Other related party	41,836,866	-	-	-

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**16 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 follow:

	<b>Consolidated</b>	<b>Proportionate consolidated</b>	<b>Company</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>US Dollars</b>	<b>US Dollars</b>	<b>US Dollars</b>	<b>US Dollars</b>
Favourable (unfavourable) fuel price swap agreements	(5,203,792)	821,892	-	-

**17 Commitments**

For the six-month period ended 30 June 2012, there were no significant changes in commitments or contingent liabilities from the year ended 31 December 2011 (please see proportionate consolidated and company financial statements for the year ended 31 December 2011).

As at 30 June 2012, the Group had outstanding commitments in respect of non-cancellable aircraft lease agreements made with AirAsia (Mauritius) Limited, a related company and insurance agreements of the 24 aircrafts (As at 31 December 2011: 22 aircrafts) as follows:

	<b>Consolidated</b>		<b>Proportionate consolidated</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>30 June 2012</b>		<b>31 December 2011</b>	
	<b>Rental</b>	<b>Insurance</b>	<b>Rental</b>	<b>Insurance</b>
	<b>US Dollars</b>	<b>agreement</b>	<b>US Dollars</b>	<b>agreement</b>
	<b>US Dollars</b>	<b>US Dollars</b>	<b>US Dollars</b>	<b>US Dollars</b>
Within 1 year	100,620,000	2,504,372	45,747,483	411,034
Later than 1 year but not later than 5 years	402,480,000	-	59,296,481	-
Later than 5 years	442,385,814	-	23,480,282	-
Total	945,485,814	2,504,372	128,524,246	411,034

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**18 Guarantees**

As at 30 June 2012, the Group had a commitment relating to the guarantees issued by banks in respect of pilot trainees' loans in accordance with their professional pilot courses amounting to Baht 26.9 million (31 December 2011: Baht 13.72 million).

As at 31 December 2011, the Company had a commitment relating to guarantees given to the borrowers under a credit agreement for the Baht equivalent of USD 39 million. The agreement was between Credit Suisse, Singapore branch, as the lender, and the borrowers, a group of six of the Company's shareholders. Under the credit agreement, the borrowers pledged the Company's shares and the Company pledged its investment in equity securities in Thai AirAsia Company Limited to such lender as a guarantee. As at 30 June 2012, there was no commitment relating to the above guarantees.

**19 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 in the ordinary course of business as follows:

	<b>Consolidated</b>			<b>Proportionate consolidated</b>		
	<b>(Unaudited)</b>			<b>(Audited)</b>		
	<b>30 June 2012</b>			<b>31 December 2011</b>		
	<b>US</b>	<b>India</b>		<b>US</b>	<b>India</b>	
	<b>Baht</b>	<b>Dollars</b>	<b>Rupee</b>	<b>Baht</b>	<b>Dollars</b>	<b>Rupee</b>
	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>
Guarantees relating to flight operating activities	5.60	0.39	30.83	2.86	0.05	14.19
Guarantees relating to value added tax refund process	631.11	-	-	-	-	-
<b>Total</b>	<b>636.71</b>	<b>0.39</b>	<b>30.83</b>	<b>2.86</b>	<b>0.05</b>	<b>14.19</b>

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

	<b>Consolidated</b>		<b>Proportionate consolidated</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>30 June 2012</b>		<b>31 December 2011</b>	
	<b>Baht</b>	<b>India Rupee</b>	<b>Baht</b>	<b>India Rupee</b>
	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>
Fixed-deposit accounts	8.40	31.13	3.06	14.19
Bills of exchange	158.00	-	-	-
<b>Total</b>	<b>166.40</b>	<b>31.13</b>	<b>3.06</b>	<b>14.19</b>