

ASIA AVIATION PUBLIC COMPANY LIMITED

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

30 SEPTEMBER 2012



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 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
13 November 2012

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

	Notes	Consolidated	Proportionate consolidated	Company	
		(Unaudited) 30 September 2012 Baht	(Audited) 31 December 2011 Baht	(Unaudited) 30 September 2012 Baht	(Audited) 31 December 2011 Baht
Assets					
Current assets					
Cash and cash equivalents		1,433,211,396	694,425,971	32,365,970	977,900
Cash at financial institutions pledged as security		176,053,822	7,373,833	-	-
Short-term investments		3,501,273,589	4,651,341	-	-
Trade and other receivables	6	294,534,177	97,835,916	-	-
Amounts due from related parties	16.5	250,172,083	140,742,129	-	-
Inventories		55,743,468	26,128,736	-	-
Prepaid expenses		450,898,312	115,024,798	1,402,723	-
Value added tax receivable, net		7,929,331	351,470,624	-	-
Other current assets		22,787,794	13,392,997	-	3,530,000
Total current assets		6,192,603,972	1,451,046,345	33,768,693	4,507,900
Non-current assets					
Cash at financial institutions pledged as security		7,793,880	28,559,991	-	-
Investment in a subsidiary	7	-	-	3,067,114,370	-
Investment in a joint venture	8	-	-	-	403,999,930
General investment		8,769,300	3,534,044	-	-
Aircraft, leasehold improvements, and equipment, net	9	1,656,478,424	154,498,165	24	2,006
Intangible assets, net	9	14,868,463,919	7,274,065	1	1,052
Goodwill	10	7,415,116,414	286,184,317	-	-
Other non-current assets		665,527,254	292,419,374	-	-
Total non-current assets		24,622,149,191	772,469,956	3,067,114,395	404,002,988
Total assets		30,814,753,163	2,223,516,301	3,100,883,088	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 Financial Position (Cont'd)
As at 30 September 2012 and 31 December 2011

	Notes	Consolidated	Proportionate consolidated	Company	
		(Unaudited) 30 September 2012 Baht	(Audited) 31 December 2011 Baht	(Unaudited) 30 September 2012 Baht	(Audited) 31 December 2011 Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		89,904,525	54,025,061	-	-
Other accounts payable		149,585,047	33,848,064	-	-
Amounts due to related parties	16.6	407,242,693	184,156,928	-	-
Deferred revenues		3,198,602,477	1,385,345,343	-	-
Accrued expenses		362,978,536	247,386,536	24,403,386	4,577,061
Current portion of long-term borrowing from a financial institution	11	-	247,859,915	-	-
Current portion of finance lease liabilities	12	68,410,069	2,431,587	-	-
Other current liabilities		15,819,147	7,175,962	24,824	20,736
Total current liabilities		4,292,542,494	2,162,229,396	24,428,210	4,597,797
Non-current liabilities					
Long-term borrowing from a financial institution	11	-	6,713,256	-	-
Finance lease liabilities	12	1,002,343,380	4,719,811	-	-
Employee benefit obligations		106,916,558	42,203,653	-	-
Total non-current liabilities		1,109,259,938	53,636,720	-	-
Total liabilities		5,401,802,432	2,215,866,116	24,428,210	4,597,797

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 September 2012 and 31 December 2011

	Note	Proportionate		Company	
		Consolidated (Unaudited) 30 September 2012 Baht	Consolidated (Audited) 31 December 2011 Baht	(Unaudited) 30 September 2012 Baht	(Audited) 31 December 2011 Baht
Liabilities and					
shareholders' equity (Cont'd)					
Shareholders' equity					
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 13					
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	13	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					
		(51,130,917)	-	-	-
Retained earnings (Deficits)		14,853,850,062	(386,822,947)	(10,716,771)	(6,086,909)
Equity attributable to owners					
of the parent					
		17,889,890,794	7,650,185	3,076,454,878	403,913,091
Non-controlling interests		7,523,059,937	-	-	-
Total shareholders' equity		25,412,950,731	7,650,185	3,076,454,878	403,913,091
Total liabilities and					
shareholders' equity					
		30,814,753,163	2,223,516,301	3,100,883,088	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 September 2012 and 2011

	Note	Consolidated	Proportionate consolidated	Company	
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
Revenues		4,426,438,338	1,894,174,401	-	-
Operating costs		(3,992,947,927)	(1,733,536,349)	-	-
Gross profit		433,490,411	160,638,052	-	-
Net gain on exchange rates		6,447,877	9,456,179	-	-
Other income		117,297,266	39,907,689	-	-
Profit before expenses		557,235,554	210,001,920	-	-
Selling expenses		(180,147,175)	(55,173,415)	-	-
Administrative expenses		(118,685,665)	(50,222,468)	(1,786,031)	(1,237,265)
Profit (loss) before finance costs and income tax		258,402,714	104,606,037	(1,786,031)	(1,237,265)
Finance costs		(148,784)	(9,029,441)	-	-
Profit (loss) before income tax		258,253,930	95,576,596	(1,786,031)	(1,237,265)
Income tax		(60,985,287)	-	-	-
Net profit (loss) for the period		197,268,643	95,576,596	(1,786,031)	(1,237,265)
Total comprehensive income (expense) for the period		197,268,643	95,576,596	(1,786,031)	(1,237,265)
Profit (loss) attributable to:					
Owners of the parent		107,694,041	95,576,596	(1,786,031)	(1,237,265)
Non-controlling interests		89,574,602	-	-	-
		197,268,643	95,576,596	(1,786,031)	(1,237,265)
Earnings (loss) per share					
Basic earnings (loss) per share	15	0.02	0.02	(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 nine-month periods ended 30 September 2012 and 2011

	Notes	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Revenues		10,481,343,265	5,890,667,674	-	-
Operating costs		(9,466,999,367)	(5,056,025,079)	-	-
Gross profit		1,014,343,898	834,642,595	-	-
Net gain on exchange rates		51,171,504	61,451,734	-	-
Gain on fair value of previously held equity interests	7	14,689,965,229	-	-	-
Other income		266,495,658	172,848,041	213,652	14,508
Profit before expenses		16,021,976,289	1,068,942,370	213,652	14,508
Selling expenses		(311,100,847)	(142,193,765)	-	-
Administrative expenses		(285,241,669)	(134,823,734)	(4,618,341)	(1,595,210)
Profit (loss) before finance costs and income tax		15,425,633,773	791,924,871	(4,404,689)	(1,580,702)
Finance costs		(3,335,296)	(86,845,672)	(225,173)	-
Profit (loss) before income tax		15,422,298,477	705,079,199	(4,629,862)	(1,580,702)
Income tax		(109,341,036)	-	-	-
Net profit (loss) for the period		15,312,957,441	705,079,199	(4,629,862)	(1,580,702)
Total comprehensive income (expense) for the period		15,312,957,441	705,079,199	(4,629,862)	(1,580,702)
Profit (loss) attributable to:					
Owners of the parent		15,240,673,009	705,079,199	(4,629,862)	(1,580,702)
Non-controlling interests		72,284,432	-	-	-
		15,312,957,441	705,079,199	(4,629,862)	(1,580,702)
Earnings (loss) per share					
Basic earnings (loss) per share	15	3.43	0.17	(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 Shareholders' Equity (Unaudited)
For the nine-month periods ended 30 September 2012 and 2011

Proportionate consolidated			
Note	Issued and paid-up share capital Baht	Deficits Baht	Total Baht
Opening balance as at 1 January 2011	410,000,000	(1,369,403,410)	(959,403,410)
Adjustments from adoption of a new accounting standard	4.1 -	(31,541,528)	(31,541,528)
Balance after adjustment	410,000,000	(1,400,944,938)	(990,944,938)
Total comprehensive income for the period	-	705,079,199	705,079,199
Closing balance as at 30 September 2011	<u>410,000,000</u>	<u>(695,865,739)</u>	<u>(285,865,739)</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 Shareholders' Equity (Unaudited) (Cont'd)
For the nine-month periods ended 30 September 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			
Opening balance as at 1 January 2012		410,000,000	-	(386,822,947)	-	(15,526,868)	7,650,185	-	7,650,185
Ordinary shares issued	13	75,000,000	2,700,000,000	-	-	-	2,775,000,000	-	2,775,000,000
Transaction costs	13	-	(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		-	-	-	(51,130,917)	-	(51,130,917)	-	(51,130,917)
Total comprehensive income									
(expense) for the period		-	-	15,240,673,009	-	-	15,240,673,009	72,284,432	15,312,957,441
Closing balance as at 30 September 2012		485,000,000	2,602,171,649	14,853,850,062	(51,130,917)	-	17,889,890,794	7,523,059,937	25,412,950,731

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 nine-month periods ended 30 September 2012 and 2011

	Notes	Company			Total Baht
		Issued and paid-up share capital Baht	Premium on share capital Baht	Deficits Baht	
Opening balance as at 1 January 2011		410,000,000	-	(4,112,288)	405,887,712
Adjustments from adoption of a new accounting standard	4.1	-	-	-	-
Balance after adjustment		410,000,000	-	(4,112,288)	405,887,712
Total comprehensive expense for the period		-	-	(1,580,702)	(1,580,702)
Closing balance as at 30 September 2011		<u>410,000,000</u>	<u>-</u>	<u>(5,692,990)</u>	<u>404,307,010</u>
Opening balance as at 1 January 2012		410,000,000	-	(6,086,909)	403,913,091
Ordinary share issued	13	75,000,000	2,700,000,000	-	2,775,000,000
Transaction costs	13	-	(97,828,351)	-	(97,828,351)
Total comprehensive expense for the period		-	-	(4,629,862)	(4,629,862)
Closing balance as at 30 September 2012		<u>485,000,000</u>	<u>2,602,171,649</u>	<u>(10,716,771)</u>	<u>3,076,454,878</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 nine-month periods ended 30 September 2012 and 2011

	Notes	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cash flows from operating activities					
Profit (loss) before income tax		15,422,298,477	705,079,199	(4,629,862)	(1,580,702)
Adjustments for:					
Depreciation	9	42,852,813	24,960,540	1,982	3,794
Amortisation	9	2,428,357	1,870,794	1,051	960
Gain on fair value of previously held interest	7	(14,689,965,229)	-	-	-
Loss (gain) on disposals of leasehold improvements, equipment and intangible assets		14,191	(826,101)	-	-
Share based payment	14	36,522,083	-	-	-
Employee benefit expenses		21,419,447	7,039,074	-	-
Unrealised gain on exchange rates		(35,058,243)	(28,596,624)	-	-
Finance costs		3,335,296	86,845,672	225,173	-
Interest income		(51,202,358)	(61,488,934)	(213,652)	(14,508)
		752,644,834	734,883,620	(4,615,308)	(1,590,456)
Changes in operating assets and liabilities (excluding the effects of change in a joint venture to a subsidiary)					
- Cash at financial institutions pledged as security		(58,422,487)	1,487,783	-	-
- Trade and other receivables		(60,352,866)	(28,704,672)	-	-
- Amounts due from related parties		(59,171,687)	829,181,778	-	-
- Inventories		(5,407,154)	(2,722,707)	-	-
- Prepaid expenses		(87,124,971)	(64,407,541)	(1,402,723)	-
- Value added tax receivable		395,275,505	(171,613,897)	-	-
- Other current assets		844,089	6,683,420	3,530,000	(2,905,847)
- Other non-current assets		(95,180,699)	(28,358,727)	-	-
- Trade accounts payable		(13,467,275)	22,095,085	-	-
- Other accounts payable		90,721,228	25,308,186	-	-
- Amounts due to related parties		44,134,506	(1,529,958,692)	-	324,443
- Deferred revenues		510,162,322	297,048,020	-	-
- Accrued expenses		(201,501,827)	(25,202,509)	(4,147,500)	1,094,905
- Other current liabilities		69,775	(3,998,196)	4,088	5,129
Cash generated from (used in) operation		1,213,223,293	61,720,951	(6,631,443)	(3,071,826)
Interest paid		-	(12,023,404)	(225,173)	-
Interest received		9,255,813	14,202,202	213,652	-
Income tax paid		(251,797,335)	-	-	-
Net cash generated from (used in) operating activities		970,681,771	63,899,749	(6,642,964)	(3,071,826)

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 nine-month periods ended 30 September 2012 and 2011

	Notes	Consolidated	Proportionate consolidated	Company	
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Short-term loan granted to a director		-	(31,520,600)	-	-
Short-term loan repayments received from a director		-	81,520,600	-	-
Cash received from change in investment in a joint venture to a subsidiary		625,297,714	-	-	-
Payments for short-term investments		(2,964,763,583)	-	-	-
Proceeds (payments) from general investment		(1,839,800)	278,800	-	-
Proceeds from disposals of leasehold improvements and equipment		689,459	3,025,920	-	-
Payments for aircraft, leasehold improvements and equipment		(291,232,787)	(20,613,654)	-	-
Payments for intangible assets		(1,123,562)	(1,241,633)	-	-
Payments for investment in a subsidiary	7	-	-	(2,663,114,440)	-
Interest received		12,712,529	4,632,720	-	14,508
Net cash generated from (used in) investing activities		(2,620,260,030)	36,082,153	(2,663,114,440)	14,508
Cash flows from financing activities					
Proceeds from issue of ordinary shares	13	2,613,492,474	-	2,701,145,474	-
Repayments of short-term borrowings from a financial institution		-	(100,000,000)	-	-
Repayments of finance lease		(2,278,566)	(2,704,124)	-	-
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)	(110,750,000)	-	-
Interest paid		(3,335,296)	(12,523,202)	-	-
Net cash generated from financing activities		2,353,305,441	254,604,300	2,701,145,474	-
Net increase (decrease) in cash and cash equivalents					
		703,727,182	354,586,202	31,388,070	(3,057,318)
Cash and cash equivalents at the beginning of the period		694,425,971	260,382,950	977,900	6,472,054
Effect of exchange rates		35,058,243	28,596,624	-	-
Cash and cash equivalents at the end of the period		1,433,211,396	643,565,776	32,365,970	3,414,736
Non-cash transactions					
Significant non-cash transactions during the periods ended 30 September 2012 and 2011 are as follows:					
Purchase of leasehold improvements and equipment which have not been paid		6,079,786	-	-	-
Purchase of an aircraft and motor vehicles under finance lease agreements		1,060,000,000	8,978,045	-	-
Landing rights acquired from change in investment in a joint venture to a subsidiary	7	14,856,000,000	-	-	-
Unpaid liabilities from issuance of share capital	13	23,973,825	-	23,973,825	-

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 nine-month periods ended 30 September 2012 and 2011

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 1st 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” in February 2012.

These interim consolidated and company financial information were approved by the Board of Directors on 13 November 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:

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

4.2) Share-based payment

As disclosed in Note 14, 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 in February 2012 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

	Consolidated	Proportionate	Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Trade accounts receivable	217,500,930	79,456,542	-	-
Accrued revenues	60,315,817	16,596,705	-	-
Other accounts receivable	16,717,430	1,782,669	-	-
Total trade and other receivables	<u>294,534,177</u>	<u>97,835,916</u>	<u>-</u>	<u>-</u>

Trade accounts receivable can be analysed by age as follows:

	Consolidated	Proportionate	Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Up to 3 months	185,391,580	71,932,116	-	-
3 - 6 months	8,148,343	3,805,546	-	-
6 - 12 months	10,536,058	2,553,899	-	-
Over 12 months	13,424,949	1,164,981	-	-
Total trade accounts receivable	<u>217,500,930</u>	<u>79,456,542</u>	<u>-</u>	<u>-</u>

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7 Investment in a subsidiary

Details of investment in a subsidiary are as follows:

				Company		
				(Unaudited) 30 September 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 nine-month period ended 30 September 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:

	As at 4 May 2012^(a) Baht
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 ^(b)	15,205,664,296
Non-controlling interests	(7,450,775,505)
Goodwill ^(b)	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 September 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 September 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 September 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 nine-month period ended 30 September 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 Aircraft, leasehold improvements, equipment and intangible assets, net

	Consolidated				Company		
	Aircraft, leasehold improvements and equipment Baht	Computer software and computer software under installation Baht	Landing rights Baht	Intangible assets		Leasehold improvements and equipment Baht	Intangible assets
				Total Baht	Computer software and computer software under installation Baht		
For the nine-month period ended 30 September 2012 (Unaudited)							
Opening net book amount	154,498,165	7,274,065	-	7,274,065	2,006	1,052	
Additions	1,357,312,572	1,123,562	-	1,123,562	-	-	
Increase from gaining control in a subsidiary	384,130,781	13,254,381	14,856,000,000	14,869,254,381	-	-	
Decrease from changing from investment in a joint venture to a subsidiary	(195,906,631)	(6,759,732)	-	(6,759,732)	-	-	
Disposals, net	(703,650)	-	-	-	-	-	
Depreciation/amortisation	(42,852,813)	(2,428,357)	-	(2,428,357)	(1,982)	(1,051)	
Closing net book amount	<u>1,656,478,424</u>	<u>12,463,919</u>	<u>14,856,000,000</u>	<u>14,868,463,919</u>	<u>24</u>	<u>1</u>	

The significant additions in consolidated financial information for the nine-month period ended 30 September 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). In addition, the additions include an aircraft under finance lease and related spare parts amount of Baht 1,310.97 million.

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10 Goodwill

	Consolidated (Unaudited) Baht
For the nine-month period ended 30 September 2012	
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	7,415,116,414

11 Long-term borrowing from a financial institution

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

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

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

	Consolidated (Unaudited) Baht	Company (Unaudited) Baht
For the nine-month period ended 30 September 2012		
Opening book amount	254,573,171	-
Loan repayments	(254,573,171)	-
Closing book amount	-	-

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12 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated	Proportionate consolidated	Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Within one year	121,445,168	2,144,430	-	-
Later than 1 year but not later than 5 years	473,838,876	5,622,344	-	-
Later than 5 years	842,456,363	-	-	-
<u>Less</u> Future finance charges on finance leases	(366,986,958)	(615,376)	-	-
	<u>1,070,753,449</u>	<u>7,151,398</u>	<u>-</u>	<u>-</u>
Representing lease liabilities:				
- Short-term	68,410,069	2,431,587	-	-
- Long-term	1,002,343,380	4,719,811	-	-
	<u>1,070,753,449</u>	<u>7,151,398</u>	<u>-</u>	<u>-</u>

The present value of finance lease liabilities is as follows:

	Consolidated	Proportionate consolidated	Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Within one 1 year	118,145,999	2,065,242	-	-
Later than 1 year but not later than 5 years	406,973,972	5,086,156	-	-
Later than 5 years	545,633,478	-	-	-
	<u>1,070,753,449</u>	<u>7,151,398</u>	<u>-</u>	<u>-</u>

On 27 September 2012, Thai AirAsia Company Limited, its subsidiary, entered into an Aircraft Finance Lease Agreement with a lessor. The agreement has period of 12 years. The agreement carries fixed interest rate for a certain period and the payment will be reset every six months based on a floating rate. According to conditions of the agreement, Thai AirAsia Company Limited must comply with financial and operational covenants. Thai AirAsia Company Limited has a purchase option of the aircraft from the lessor at the end of the lease term.

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13 Share capital

	Par value Baht	Number of authorised ordinary shares Shares	Issued and paid-up ordinary shares Shares	Issued and paid-up ordinary shares Baht	Share premium Baht	Total Baht
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 September 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 million 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 September 2012, the outstanding liabilities of Baht 23.97 million have not been paid and were included under accrued expenses in the statement of financial position.

14 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 nine-month period ended 30 September 2012, the Group recognised the expenses related to equity-settled share-based payments in the statement of comprehensive income totalling Baht 36.52 million.

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15 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 September (Unaudited)					
	2012	2011	2012	2011	2012	2011
Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht)	107,694,041	95,576,596	(1,786,031)	(1,237,265)		
Weighted average number of paid-up ordinary shares outstanding during the period (Shares)	4,850,000,000	4,100,000,000	4,850,000,000	4,100,000,000		
Basic earnings (loss) per share (Baht)	0.02	0.02	(0.00)	(0.00)		

	Consolidated		Proportionate consolidated		Company	
	For the nine-month periods ended 30 September (Unaudited)					
	2012	2011	2012	2011	2012	2011
Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht)	15,240,673,009	705,079,199	(4,629,862)	(1,580,702)		
Weighted average number of paid-up ordinary shares outstanding during the period (Shares)	4,442,153,285	4,100,000,000	4,442,153,285	4,100,000,000		
Basic earnings (loss) per share (Baht)	3.43	0.17	(0.00)	(0.00)		

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

16 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.

16 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 aircraft.
- Aircraft rental	For aircraft owned by AirAsia Berhad, rental charge is based on AirAsia Berhad's cost of capital. For sub-leased aircraft, 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	At agreement price with Asian Aviation Centre of Excellence Sdn Bhd (CAE).
- Brand license fee ^(a)	At 1% of total revenues per annum (started in 2012).
- Interest expenses	At a rate equivalent to AirAsia Group's borrowing rate.

^(a) 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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16 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

16.1) Income

	<u>Consolidated</u>	<u>Proportionate consolidated</u>	<u>Company</u>	
	<u>For the three-month periods ended 30 September (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>
Interest income				
Other related parties	296,133	1,901,365	-	-
A director	-	247,609	-	-
	<u>296,133</u>	<u>2,148,974</u>	<u>-</u>	<u>-</u>

	<u>Consolidated</u>	<u>Proportionate consolidated</u>	<u>Company</u>	
	<u>For the nine-month periods ended 30 September (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>
Interest income				
Other related parties	1,271,721	59,422,562	-	-
A director	-	655,038	-	-
	<u>1,271,721</u>	<u>60,077,600</u>	<u>-</u>	<u>-</u>

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16 Related party transactions (Cont'd)

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

16.2) Purchases of goods, services and interest expenses

16.2.1) Other related parties

	Proportionate consolidated		Company	
	Consolidated		For the three-month periods ended 30 September (Unaudited)	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Share of loss (gain) from fuel swap agreements	21,998,746	(1,116,319)	-	-
Share of staff costs for accounting services	(6,308,145)	(3,895,222)	-	-
Aircraft rental	789,900,540	347,963,280	-	-
Aircraft repair and maintenance	305,574,410	121,397,478	-	-
Purchase of merchandises and equipment	23,909,906	13,280,357	-	-
Management fee expenses	3,768,160	1,827,420	-	-
Booking fee expenses	16,657,744	6,628,137	-	-
Pilot training expenses	7,893,052	-	-	-
Interest expenses	-	413,076	-	-

	Proportionate consolidated		Company	
	Consolidated		For the nine-month periods ended 30 September (Unaudited)	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Share of loss (gain) from fuel swap agreements	21,083,081	(9,194,911)	-	-
Share of staff costs for accounting services	(16,365,230)	(10,721,388)	-	-
Aircraft rental	1,842,624,724	1,002,852,680	-	-
Aircraft repair and maintenance	713,304,156	359,951,232	-	-
Purchase of merchandises and equipment	100,982,776	31,599,030	-	-
Management fee expenses	8,846,128	5,505,476	-	-
Booking fee expenses	39,381,808	20,840,934	-	-
Pilot training expenses	34,308,515	-	-	-
Interest expenses	-	74,322,470	-	-

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16 Related party transactions (Cont'd)

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

16.2 Purchases of goods, services and interest expenses (Cont'd)

16.2.2) Subsidiary

	<u>Consolidated</u>	<u>Proportionate consolidated</u>	<u>Company</u>	
	<u>For the nine-month periods ended 30 September (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>
Interest expenses	-	-	225,173	-

16.3) Management remunerations

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

	<u>Consolidated</u>	<u>Proportionate consolidated</u>	<u>Company</u>	
	<u>For the three-month periods ended 30 September (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>
Salaries and other short-term employee benefits	13,966,625	4,247,832	650,000	-
Retirement benefits	1,121,287	262,033	-	-
	<u>15,087,912</u>	<u>4,509,865</u>	<u>650,000</u>	<u>-</u>

	<u>Consolidated</u>	<u>Proportionate consolidated</u>	<u>Company</u>	
	<u>For the nine-month periods ended 30 September (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>
Salaries and other short-term employee benefits	41,881,381	18,232,970	2,350,000	-
Retirement benefits	12,545,730	786,093	-	-
	<u>54,427,111</u>	<u>19,019,063</u>	<u>2,350,000</u>	<u>-</u>

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16 Related party transactions (Cont'd)

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

16.4) Passenger revenues and expenses received and paid on behalf

	Proportionate		Company	
	Consolidated	consolidated	For the three-month periods ended 30 September (Unaudited)	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
- Passenger revenues received on behalf of the Group by other related parties	613,961,121	261,313,640	-	-
- Cash received on behalf of other related party	103,195,396	56,290,721	-	-
- Expenses paid on behalf of the Group by other related parties	134,057,009	89,098,308	-	-
- Advance payment on behalf of other related parties	31,587,156	24,633,882	-	-

	Proportionate		Company	
	Consolidated	consolidated	For the nine-month periods ended 30 September (Unaudited)	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
- Passenger revenues received on behalf of the Group by other related parties	1,533,664,470	1,495,167,042	-	-
- Cash received on behalf of other related party	252,688,933	183,867,027	-	-
- Expenses paid on behalf of the Group by other related parties	282,670,693	264,089,467	-	-
- Advance payment on behalf of other related parties	86,520,902	154,175,738	-	-
- Expenses paid on behalf of the Company by a subsidiary	-	-	5,550,252	-

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16 Related party transactions (Cont'd)

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

16.5) Amounts due from related parties

	<u>Consolidated</u> (Unaudited)	<u>Proportionate consolidated</u> (Audited)	<u>Company</u>	
	30 September 2012 Baht	31 December 2011 Baht	(Unaudited) 30 September 2012 Baht	(Audited) 31 December 2011 Baht
Amounts due from related parties				
Other related parties	250,172,083	140,742,129	-	-

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

16.6) Amounts due to related parties

	<u>Consolidated</u> (Unaudited)	<u>Proportionate consolidated</u> (Audited)	<u>Company</u>	
	30 September 2012 Baht	31 December 2011 Baht	(Unaudited) 30 September 2012 Baht	(Audited) 31 December 2011 Baht
Amounts due to related parties				
Other related parties	407,242,693	184,156,928	-	-

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

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16 Related party transactions (Cont'd)

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

16.7) Other non-current assets

	Consolidated	Proportionate consolidated	Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Aircraft rental deposits				
Other related party	526,659,276	253,912,027	-	-
Fuel price swap deposits				
Other related party	15,345,550	8,045,374	-	-

17 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	Proportionate consolidated	Company	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
	US Dollars	US Dollars	US Dollars	US Dollars
Favourable (unfavourable) fuel price swap agreements	(601,055)	821,892	-	-

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18 Commitments

For the nine-month period ended 30 September 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 September 2012, 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 of the 24 aircraft (As at 31 December 2011: 22 aircraft) and insurance agreements of the 25 aircraft (As at 31 December 2011: 22 aircraft) as follows:

	Consolidated		Proportionate consolidated	
	(Unaudited)		(Audited)	
	30 September 2012		31 December 2011	
	Rental	Insurance	Rental	Insurance
	US Dollars	agreement	US Dollars	agreement
	US Dollars	US Dollars	US Dollars	US Dollars
Within 1 year	100,620,000	1,460,884	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	417,230,814	-	23,480,282	-
Total	920,330,814	1,460,884	128,524,246	411,034

19 Guarantees

As at 30 September 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 September 2012, there was no commitment relating to the above guarantees.

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20 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:

	Consolidated			Proportionate consolidated		
	(Unaudited)			(Audited)		
	30 September 2012			31 December 2011		
	US	India		US	India	
	Baht	Dollars	Rupee	Baht	Dollars	Rupee
	million	million	million	million	million	million
Guarantees relating to flight operating activities	5.60	0.45	30.83	2.86	0.05	14.19
Guarantees relating to value added tax refund process	631.11	-	-	-	-	-
Total	636.71	0.45	30.83	2.86	0.05	14.19

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

	Consolidated			Proportionate consolidated		
	(Unaudited)			(Audited)		
	30 September 2012			31 December 2011		
	Baht	India Rupee		Baht	India Rupee	
	million	million		million	million	
Fixed-deposit accounts	8.93	31.13		3.06	14.19	
Bills of exchange	158.00	-		-	-	
Total	166.93	31.13		3.06	14.19	

21 Promotional privileges

During the third quarter of 2012, Thai AirAsia Company Limited, its subsidiary, received four certificates of promotional privileges from the Board of Investment (“BOI”) 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 8 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.

22 Subsequent events

On 1 and 11 November 2012, Thai AirAsia Company Limited, its subsidiary, accepted the delivery of two additional Airbus A320-200 aircraft. The expansion of the subsidiary’s fleet is to support the launch of new routes and increase the frequency of flights on the subsidiary’s existing routes. These aircraft are acquired under lease agreements for periods of 12 years.