

ASIA AVIATION PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2012



AUDITOR'S REPORT

To the Shareholders of Asia Aviation Public Company Limited

I have audited the accompanying consolidated and company financial statements of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited as at 31 December 2012, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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
26 February 2013

	1,933,900	4,507,900

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

	Notes	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Assets					
Current assets					
Cash and cash equivalents	7	3,852,838,996	694,425,971	5,051,471	977,900
Cash at financial institutions pledged as security		17,383,211	7,373,833	-	-
Short-term investments	8	2,295,900,960	4,651,341	-	-
Trade and other receivables	9	378,777,465	97,835,916	-	-
Amounts due from related parties	25.5	210,772,034	140,742,129	-	-
Inventories		58,345,198	26,128,736	-	-
Prepaid expenses		201,047,982	115,024,798	901,529	-
Value added tax receivable, net		99,289,077	351,470,624	-	-
Other current assets		13,436,177	13,392,997	-	3,530,000
Total current assets		7,127,791,100	1,451,046,345	5,953,000	4,507,900
Non-current assets					
Cash at financial institutions pledged as security		7,714,350	28,559,991	-	-
Investment in a subsidiary	10	-	-	3,067,114,370	-
Investment in a joint venture	11	-	-	-	403,999,930
General investment	12	8,769,300	3,534,044	-	-
Aircraft, leasehold improvements, and equipment, net	13	2,923,551,167	154,498,165	24	2,006
Intangible assets, net	14	14,867,810,336	7,274,065	1	1,052
Goodwill	15	7,415,116,414	286,184,317	-	-
Other non-current assets	16	673,281,007	292,419,374	-	-
Total non-current assets		25,896,242,574	772,469,956	3,067,114,395	404,002,988
Total assets		33,024,033,674	2,223,516,301	3,073,067,395	408,510,888

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

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

	Notes	Consolidated	Proportionate consolidated	Company	
		2012	2011	2012	2011
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		70,988,769	54,025,061	-	-
Other accounts payable		105,991,639	33,848,064	-	-
Amounts due to related parties	25.6	427,725,470	184,156,928	-	-
Deferred revenues		3,582,160,385	1,385,345,343	-	-
Accrued expenses		552,349,337	247,386,536	376,747	4,577,061
Current portion of long-term borrowing from a financial institution	17	-	247,859,915	-	-
Current portion of finance lease liabilities	18	137,142,871	2,431,587	-	-
Income tax payable		66,819,634	-	-	-
Other current liabilities		19,274,771	7,175,962	109,954	20,736
Total current liabilities		4,962,452,876	2,162,229,396	486,701	4,597,797
Non-current liabilities					
Long-term borrowing from a financial institution	17	-	6,713,256	-	-
Finance lease liabilities	18	1,783,112,423	4,719,811	-	-
Employee benefit obligations	19	111,846,384	42,203,653	-	-
Total non-current liabilities		1,894,958,807	53,636,720	-	-
Total liabilities		6,857,411,683	2,215,866,116	486,701	4,597,797

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

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

	Note	Consolidated	Proportionate Consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	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 20					
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		2,599,808,274	-	2,599,808,274	-
Other component of equity					
Effect of change in proportion of investment in a joint venture					
		-	(15,526,868)	-	-
Other reserves					
		(33,712,692)	-	-	-
Retained earnings (Deficits)		15,259,409,223	(386,822,947)	(12,227,580)	(6,086,909)
Equity attributable to owners of the parent					
		18,310,504,805	7,650,185	3,072,580,694	403,913,091
Non-controlling interests					
		7,856,117,186	-	-	-
Total shareholders' equity					
		26,166,621,991	7,650,185	3,072,580,694	403,913,091
Total liabilities and shareholders' equity					
		33,024,033,674	2,223,516,301	3,073,067,395	408,510,888

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

Asia Aviation Public Company Limited
Statements of Comprehensive Income
For the years ended 31 December 2012 and 2011

	Notes	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Revenues	22	16,102,950,774	8,123,184,534	-	-
Operating costs		(13,991,620,791)	(6,915,278,360)	-	-
Gross profit		2,111,329,983	1,207,906,174	-	-
Net gain on exchange rates		65,156,572	77,957,909	170,861	-
Gain on fair value of previously held equity interests	10	14,689,965,229	-	-	-
Other income		387,967,574	225,998,637	310,301	26,232
Profit before expenses		17,254,419,358	1,511,862,720	481,162	26,232
Selling expenses		(467,336,019)	(223,941,917)	-	-
Administrative expenses		(393,529,449)	(181,869,947)	(6,396,660)	(2,000,853)
Profit (loss) before finance costs and income tax		16,393,553,890	1,106,050,856	(5,915,498)	(1,974,621)
Finance costs		(17,421,153)	(91,928,865)	(225,173)	-
Profit (loss) before income tax		16,376,132,737	1,014,121,991	(6,140,671)	(1,974,621)
Income tax		(320,304,101)	-	-	-
Net profit (loss) for the year		16,055,828,636	1,014,121,991	(6,140,671)	(1,974,621)
Other comprehensive expense					
Actuarial loss on defined retirement benefit plan	19	(4,254,785)	-	-	-
Other comprehensive expense for the year		(4,254,785)	-	-	-
Total comprehensive income (expense) for the year		16,051,573,851	1,014,121,991	(6,140,671)	(1,974,621)
Net profit (loss) attributable to:					
Owners of the parent		15,648,572,302	1,014,121,991	(6,140,671)	(1,974,621)
Non-controlling interests		407,256,334	-	-	-
		16,055,828,636	1,014,121,991	(6,140,671)	(1,974,621)
Total comprehensive income (expenses) attributable to:					
Owners of the parent		15,646,232,170	1,014,121,991	(6,140,671)	(1,974,621)
Non-controlling interests		405,341,681	-	-	-
		16,051,573,851	1,014,121,991	(6,140,671)	(1,974,621)
Earnings (loss) per share					
Basic earnings (loss) per share	24	3.44	0.25	(0.00)	(0.00)

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

Asia Aviation Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2012 and 2011

Consolidated									
Attributable to owners of the parent									
	Notes	Other component of equity				Total owners of the parent Baht	Non- controlling interests Baht	Total shareholders' equity Baht	
		Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings (Deficits) Baht	Effect of change in proportion of investment in a joint venture Baht				Other reserves Baht
Opening balance as at 1 January 2011									
(Proportionate)		410,000,000	-	(1,400,944,938)	-	-	(990,944,938)	-	(990,944,938)
Effect on additional proportion									
of investment in a joint venture		-	-	-	-	(15,526,868)	(15,526,868)	-	(15,526,868)
Total comprehensive income for the year		-	-	1,014,121,991	-	-	1,014,121,991	-	1,014,121,991
Closing balance as at 31 December 2011									
(Proportionate)		410,000,000	-	(386,822,947)	-	(15,526,868)	7,650,185	-	7,650,185
Ordinary shares issued	20	75,000,000	2,700,000,000	-	-	-	2,775,000,000	-	2,775,000,000
Transaction costs	20	-	(100,191,726)	-	-	-	(100,191,726)	-	(100,191,726)
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	21	-	-	-	(33,712,692)	-	(33,712,692)	-	(33,712,692)
Total comprehensive income									
(expense) for the year		-	-	15,646,232,170	-	-	15,646,232,170	405,341,681	16,051,573,851
Closing balance as at 31 December 2012		485,000,000	2,599,808,274	15,259,409,223	(33,712,692)	-	18,310,504,805	7,856,117,186	26,166,621,991

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

Asia Aviation Public Company Limited
Statements of Changes in Shareholders' Equity (Cont'd)
For the years ended 31 December 2012 and 2011

	<u>Note</u>	<u>Company</u>			<u>Total Baht</u>
		<u>Issued and paid-up share capital Baht</u>	<u>Premium on share capital Baht</u>	<u>Deficits Baht</u>	
Opening balance as at 1 January 2011		410,000,000	-	(4,112,288)	405,887,712
Total comprehensive expense for the year		-	-	(1,974,621)	(1,974,621)
Closing balance as at 31 December 2011		410,000,000	-	(6,086,909)	403,913,091
Ordinary share issued	20	75,000,000	2,700,000,000	-	2,775,000,000
Transaction costs	20	-	(100,191,726)	-	(100,191,726)
Total comprehensive expense for the year		-	-	(6,140,671)	(6,140,671)
Closing balance as at 31 December 2012		<u>485,000,000</u>	<u>2,599,808,274</u>	<u>(12,227,580)</u>	<u>3,072,580,694</u>

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

Asia Aviation Public Company Limited
Statements of Cash Flows
For the years ended 31 December 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		16,376,132,737	1,014,121,991	(6,140,671)	(1,974,621)
Adjustments for:					
Gain on fair value of previously held interests	10	(14,689,965,229)	-	-	-
Depreciation	13	91,105,317	33,527,657	1,982	3,794
Amortisation	14	3,482,680	2,460,984	1,051	960
Reversals of doubtful debts		-	(1,434,189)	-	-
Loss on disposals of leasehold improvements, equipment and intangible assets		18,745	567,341	-	-
Employee benefit expenses	19	22,094,489	9,890,526	-	-
Share-based payment	21	53,940,308	-	-	-
Unrealised gain on exchange rates		(49,758,880)	(21,352,923)	-	-
Finance costs		17,421,153	91,928,865	225,173	-
Interest income		(81,831,499)	(67,541,623)	(310,301)	(26,232)
		1,742,639,821	1,062,168,629	(6,222,766)	(1,996,099)
Changes in operating assets and liabilities:					
(Excluding the effect on additional proportion of investment in a joint venture and change in a joint venture to a subsidiary)					
- Cash at financial institutions pledged as security		100,327,654	2,273,965	-	-
- Trade and other receivables		(172,558,450)	(39,435,191)	-	-
- Amounts due from related parties		(9,242,133)	1,269,742,659	-	-
- Inventories		(8,008,884)	(22,815,370)	-	-
- Prepaid expenses		20,269,058	(22,832,947)	(901,529)	-
- Value added tax receivable		303,915,759	(209,946,335)	-	-
- Other current assets		9,683,174	31,152,636	3,530,000	(3,530,000)
- Other non-current assets		(102,934,452)	(46,937,577)	-	-
- Trade accounts payable		(32,383,031)	(35,673,960)	-	-
- Other accounts payable		47,127,820	8,968,778	-	-
- Amounts due to related parties		64,617,283	(1,962,745,382)	-	(486,987)
- Deferred revenues		893,720,230	168,948,125	-	-
- Accrued expenses		(72,009,136)	49,060,816	(4,200,314)	4,477,061
- Other current liabilities		86,254,949	(2,697,114)	89,218	15,569
Cash generated from (used in) operation		2,871,419,662	249,231,732	(7,705,391)	(1,520,456)
Interest paid		-	(12,015,037)	-	-
Interest received		24,551,169	25,212,310	310,301	26,232
Income tax paid		(252,971,934)	-	-	-
Net cash generated from (used in) operating activities		2,642,998,897	262,429,005	(7,395,090)	(1,494,224)

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

Asia Aviation Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2012 and 2011

	Notes	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cash flows from investing activities					
Short-term loan granted to a director	25.7	-	(31,520,600)	-	-
Short-term loan repayments received from a director	25.7	-	81,520,600	-	-
Investment in a joint venture, net of cash and cash equivalents transferred as part of acquisition		-	8,802,867	-	-
Payment for additional investment in a joint venture		-	-	-	(3,999,930)
Cash received from change in investment in a joint venture to a subsidiary		625,297,714	-	-	-
Payments for investment in a subsidiary	10	-	-	(2,663,114,440)	-
Net payments for short-term investments		(1,759,390,954)	-	-	-
Proceeds (payments) from general investment	12	(1,839,800)	278,800	-	-
Proceeds from disposals of leasehold improvements and equipment		900,489	3,964,598	-	-
Payments for aircraft, leasehold improvements and equipment		(739,289,127)	(41,424,662)	-	-
Payments for intangible assets	14	(1,524,302)	(1,196,806)	-	-
Interest received		45,479,104	3,328,696	-	-
Net cash generated from (used in) investing activities		(1,830,366,876)	23,753,493	(2,663,114,440)	(3,999,930)
Cash flows from financing activities					
Proceeds from issue of ordinary shares	20, 21	2,587,155,274	-	2,674,808,274	-
Repayment of short-term borrowings from a financial institution		-	(100,000,000)	-	-
Repayments of finance lease		(19,138,827)	(3,054,306)	-	-
Proceed from long-term borrowing from a financial institution		-	480,581,626	-	-
Repayments of long-term borrowing from a financial institution	17	(254,573,171)	(233,404,958)	-	-
Interest paid		(17,421,152)	(17,614,762)	(225,173)	-
Net cash generated from financing activities		2,296,022,124	126,507,600	2,674,583,101	-
Net increase (decrease) in cash and cash equivalents					
		3,108,654,145	412,690,098	4,073,571	(5,494,154)
Cash and cash equivalents at the beginning of the year		694,425,971	260,382,950	977,900	6,472,054
Effect of exchange rates		49,758,880	21,352,923	-	-
Cash and cash equivalents at the end of the year		3,852,838,996	694,425,971	5,051,471	977,900

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2012 and 2011 are as follows:

Purchase of aircraft spare parts which have not been paid		7,202,170	-	-	-
Purchase of aircraft and motor vehicles under finance lease agreements		1,926,362,106	8,962,183	-	-
Landing rights acquired from change in investment in a joint venture to a subsidiary	10	14,856,000,000	-	-	-
Share-based payment	21	53,940,308	-	-	-

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

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 subsidiary are referred to as the “Group”.

The principal business operations of the Company and its subsidiary are summarised below:

The Company’s principal business operation is to invest in low-fare airline business company which is Thai AirAsia Company Limited. The Company’s shareholding interest is 55%. (2011: 51%).

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

As disclosed in Note 10, in May 2012, Thai AirAsia Company Limited changed from the Company’s joint venture to a subsidiary under the “Amended and Restated Shareholders’ Agreement”.

The consolidated and company financial statements were approved by the Board of Directors on 26 February 2013.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The proportionate consolidated financial statements for the year ended 31 December 2011 have been prepared in its shares of the joint venture’s individual income and expenses, assets and liabilities and cash flows of Thai AirAsia Company Limited which is its joint venture from the Company’s interest at 51% portion.

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

The preparation of consolidated and company financial statements in conformity with Thai Generally Accepted Accounting Principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, and amendments to accounting standards

The new accounting standards, amendments to accounting standards and new financial reporting standards which are mandatory and are currently relevant to the Group but the Group has not early adopted them are as follows:

Effective for the periods beginning on or after 1 January 2013

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

Effective for the periods beginning on or after 1 January 2014

TFRIC 13	Customer Loyalty Programmes
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The management has assessed and determined that the new accounting standards, new financial reporting standards, and amendments to accounting standards will not significantly impact the consolidated and company financial statements being presented except the new accounting standard and new financial reporting standard as disclosed below:

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The Group will apply this standard from 1 January 2013 retrospectively with an expected incur of deferred tax account and an impact to retained earnings and income tax expense. 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.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. The Group's management is currently assessing the impact of applying this interpretation.

2.3 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.

2 Accounting policies (Cont'd)

2.3 Investments in subsidiaries (Cont'd)

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 statements of comprehensive income.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Investment in a joint venture

The Company's interest in jointly controlled entities is accounted for using proportionate consolidation in the proportionate consolidated financial statements. The Company combines its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with items in the financial statements.

In the Company's separate financial statements, interest in jointly controlled entities is accounted for using the cost method.

2.5 Foreign currency translation

Items included in the financial statements are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Thai Baht at the exchange rates prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in statements of comprehensive income.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and are not pledged as security.

2.7 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the end of year. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in statements of comprehensive income within administrative expenses.

2 Accounting policies (Cont'd)

2.8 Inventories

Inventories comprise food, beverage, merchandise, and consumables.

Food, beverage and merchandise are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

Consumables used internally for aircraft repairs and maintenance are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated cost necessary to make the sale. Allowance is made, where necessary, for obsolete, slow moving or defective inventories.

2.9 General investment

The Group's general investment is non-marketable equity security. The classification depends on the purpose for which the investment was acquired. Management determines the appropriate classification of its investment at the time of the purchase and re-evaluates such designation on a regular basis.

General investment is carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to statements of comprehensive income. When disposing of part of the Group's holding of particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.10 Aircraft, leasehold improvements and equipment

Aircraft, leasehold improvements and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statements of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to write-off the cost of each asset, to its residual value over the estimated useful life as follows:

Aircraft	5 - 25 years
Aircraft spare parts	10 years
Leasehold improvements	5 years
Computers	5 years
Furniture, fixtures and office equipment	5 years
Operating equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in statements of comprehensive income.

2 Accounting policies (Cont'd)

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisition of subsidiary is reported in the consolidated statement of financial position as goodwill and is reported in the company statement of financial position as part of the investment in a subsidiary. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

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

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.12 Intangible assets

2.12.1 Landing rights

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided that minimum utilisation requirements are observed, and are tested for impairment annually and whenever there is an indicator of impairment.

2.12.2 Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years on the straight-line basis.

2.13 Leases - where the Group is the lessees

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to statements of comprehensive income over the lease period. The assets acquired under finance lease is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statements of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.14 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost as the redemption value. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2 Accounting policies (Cont'd)

2.15 Income taxes

The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from provisions for retirement benefits, share-based payment and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

2.16 Employee benefits

2.16.1 Provident fund

The Group operates a provident fund that is a defined contribution plan. The fund assets are held in a separate trust fund and are managed by an external fund manager. The provident fund is funded by payments from employees and by the Group. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the prior and current periods. The Group's contributions to the provident fund are charged to statements of comprehensive income in the year to which they relate.

2.16.2 Retirement benefits

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labour Law depending on age and years of service.

The liability of retirement benefit is recognised in the statement of financial position using the present value of the obligation at the statement of financial position date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The retirement benefit is calculated by an independent actuary using the projected unit credit method. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.17 Share-based payment

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions; and
- excluding the impact of any service and non-market performance vesting conditions (remaining an employee of the entity over a specified time period)

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in statements of comprehensive income, with a corresponding adjustment to equity.

With respect to the grant by the company of shares over its equity instruments to the employees of subsidiary, the fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period.

2 Accounting policies (Cont'd)

2.18 Provisions

Provisions, which exclude the provision relating to employee benefits, are recognised when the Group have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expect a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

2.20 Revenue recognition

Passenger revenue and other related services such as baggage handling fee, assigned seat revenue and cancellation and documentation revenue are recognised upon the rendering of services. The value of seats sold for which services have not been rendered is included in deferred revenues.

Revenue from sales comprises receivable for the sale of goods net of output tax, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Other income is recognised on an accrual basis.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose them to a variety of financial risks, including the effects of changes in fuel price and foreign currency exchange rates. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the financial performance. The Group does not have policies to use derivative financial instruments for trading or speculative purpose.

Fuel price risk

The Group is exposed to the fluctuation of fuel price. To manage the risk of fuel price fluctuation, AirAsia Berhad, a related party, is carried out the risk management on behalf of the Group (Note 3.2).

Foreign exchange risk

Foreign currency assets mainly represent deposits at banks, other deposits and amounts due from related parties. Foreign currency liabilities mainly represent trade accounts payable and amounts due to related parties.

The Group is exposed to foreign exchange risk arising from currency exposures mainly in respect of US Dollars. The Group has a natural hedge to the extent that payments for foreign currency payables are matched against receivables denominated in the same foreign currency. However, the Group uses forward foreign exchange contract to hedge its exposure to foreign currency risk for fixed deposit (Note 3.2).

Interest rate risk

The Group's interest rate risk arises from finance lease liabilities and amounts due to related parties. Finance lease liabilities issued at variable rates and amounts due to related parties issued at fixed rate. Management considers that interest rate risk is not significant. However, all interest rate derivative transactions, which may be incurred, are subject to approval by the Board of Directors before execution.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

Credit risk

Most of the Group's income, being passenger revenue, is normally paid by clients in advance. The credit risk incurred from amounts due from related parties is low. Management is therefore of the opinion that credit risk is not significant. The Group has not entered into any derivative contracts relating to credit risk. Cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping credit lines available.

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments, which the Group used to manage risk, comprise fuel price swap agreements and forward foreign exchange contract.

Fuel price swap agreements

AirAsia Berhad, a related party, has entered into fuel price swap agreements with third parties which protect the Group from the risk of movements in fuel price. The Group has entered into the agreement with AirAsia Berhad under the term of the agreement that gains or losses on fuel price swap agreements are allocated to the Group based on proportion of fuel consumption on a monthly basis. The Group recorded these transactions in statements of comprehensive income as a component of operating costs when they incur.

Forward foreign exchange contract

The Group entered into a forward foreign exchange contract with a local financial institution in order to hedge the foreign exchange risk relating to fixed deposit. As at 31 December 2012, the outstanding contract due for the settlement date is 7 March 2013 (31 December 2011: nil) is as follows:

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
The amount to be received				
US Dollars 15.16 million at rate				
Baht 31.54 per US Dollars 1	478,047,477	-	-	-

3 Financial risk management (Cont'd)

3.3 Fair value estimation

Fair values of financial assets and liabilities are approximate their carrying amounts because their periods of maturities are short, therefore, there are no significant risk that would impact the Group's future cash flows.

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	
	2012	2011	2012	2011
	US Dollars	US Dollars	US Dollars	US Dollars
Favourable fuel price swap agreements	-	821,892	-	-

There was no outstanding fuel price swap agreement as at 31 December 2012.

Forward foreign exchange contract

The net fair value of forward foreign exchange contract at the statement of financial position date is as follow:

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Favourable forward foreign exchange contract	11,966,622	-	-	-

The fair value of the forward foreign exchange contract has been calculated (using rates quoted by the counterparty to the contract) as if the contract was terminated at the statements of financial position date.

4 Critical accounting estimates, assumptions, and judgements

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Aircraft maintenance under operating leases

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

Estimated useful lives and residual values of aircraft frames and engines

The Group reviews annually the estimated useful lives and residual values of aircraft airframes and engines based on key factors concerned such as business plans and strategies, expected level of usage, future technological developments and market prices. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives and residual values of aircraft airframes and engines as disclosed in Note 2.10, would increase the recorded depreciation charge and decrease the carrying amount of aircraft.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6 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.

7 Cash and cash equivalents

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cash on hand	12,419,294	3,248,952	-	-
Deposits held at call with banks	2,340,419,702	585,811,055	5,051,471	977,900
Short-term bank deposits	-	3,365,999	-	-
Bill of exchange with maturity of three months or less	1,500,000,000	101,999,965	-	-
Total cash and cash equivalents	3,852,838,996	694,425,971	5,051,471	977,900

The interest rate of deposits held at call with banks was 0.51% per annum (2011: 1.40% per annum).

As at 31 December 2012, interest rate of bill of exchange with maturity of three months or less was 2.75% per annum (2011: interest rate of short-term bank deposits and bill of exchange with maturity of three months or less were 14.00% and 3.00% per annum, respectively).

8 Short-term investments

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Fixed deposits	1,168,965,960	4,651,341	-	-
Bill of exchange	1,126,935,000	-	-	-
Total short-term investments	2,295,900,960	4,651,341	-	-

The average interest rate of fixed deposits and bill of exchange were 3.75% and 2.75% - 4.00% per annum, respectively (2011: interest rate of fixed deposits was 1.57% per annum).

9 Trade and other receivables

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade accounts receivable	264,022,927	79,456,542	-	-
Accrued income	95,410,129	16,596,705	-	-
Other accounts receivable	19,344,409	1,782,669	-	-
Total trade and other receivables	378,777,465	97,835,916	-	-

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

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Up to 3 months	227,256,126	71,932,116	-	-
3-6 months	6,627,750	3,805,546	-	-
6-12 months	16,442,335	2,553,899	-	-
Over 12 months	13,696,716	1,164,981	-	-
Total trade accounts receivable	264,022,927	79,456,542	-	-

10 Investment in a subsidiary

Details of investment in a subsidiary are as follows:

Business	Total number of holding shares	Par value Baht per share	% of shareholding Percent	Company Cost method		
				2012 Baht	2011 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 year ended 31 December 2012 is as follows:

	Company 2012 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.

10 Investment in a subsidiary (Cont'd)

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 was increased from 51% to 55% from that date.

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 and other receivables 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)
	<u>15,205,664,296</u>
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 31 December 2012, the Company was 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.

10 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 year ended 31 December 2012.

11 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	
					Cost method 2012 Baht	2011 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 year ended 31 December 2012 is as follows:

	Company 2012 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 year, 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 10.

12 General investment

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Opening book amount	3,534,044	3,743,550	-	-
Increase from changing from investment in a joint venture to a subsidiary	3,395,456	-	-	-
Effect on additional proportion of investment in a joint venture	-	69,294	-	-
Increase (decrease) in investment	1,839,800	(278,800)	-	-
Closing book amount	8,769,300	3,534,044	-	-

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

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13 Aircraft, leasehold improvements and equipment, net

	Proportionate consolidated							Total Baht
	Leasehold improvements Baht	Computers Baht	Furniture, fixtures & office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft spare parts Baht	Assets under installation Baht	
At 1 January 2011								
Cost	16,198,982	30,146,886	9,951,555	39,801,104	36,220,663	242,461,249	1,328,596	376,109,035
<u>Less</u> Accumulated depreciation	(10,271,167)	(21,760,913)	(7,471,312)	(29,075,619)	(17,480,289)	(152,722,024)	-	(238,781,324)
Net book amount	<u>5,927,815</u>	<u>8,385,973</u>	<u>2,480,243</u>	<u>10,725,485</u>	<u>18,740,374</u>	<u>89,739,225</u>	<u>1,328,596</u>	<u>137,327,711</u>
For the year ended 31 December 2011								
Opening net book amount	5,927,815	8,385,973	2,480,243	10,725,485	18,740,374	89,739,225	1,328,596	137,327,711
Effect on additional proportion of investment in a joint venture	99,292	160,339	37,827	210,398	438,601	1,855,910	9,796	2,812,163
Additions	452,777	4,731,025	248,288	1,304,385	8,775,625	29,217,808	5,481,206	50,211,114
Disposals, net	(202,921)	(24,028)	(11,536)	(3)	(1,585,319)	3,409	-	(1,820,398)
Write-offs, net	-	-	-	-	-	(303,088)	(201,680)	(504,768)
Transfers	952,422	-	309,948	2,933,552	-	-	(4,195,922)	-
Depreciation charge	(2,471,462)	(3,423,369)	(1,019,980)	(5,221,501)	(7,195,308)	(14,196,037)	-	(33,527,657)
Closing net book amount	<u>4,757,923</u>	<u>9,829,940</u>	<u>2,044,790</u>	<u>9,952,316</u>	<u>19,173,973</u>	<u>106,317,227</u>	<u>2,421,996</u>	<u>154,498,165</u>
At 31 December 2011								
Cost	17,125,648	34,160,575	10,623,370	44,752,425	40,714,208	274,893,829	2,421,996	424,692,051
<u>Less</u> Accumulated depreciation	(12,367,725)	(24,330,635)	(8,578,580)	(34,800,109)	(21,540,235)	(168,576,602)	-	(270,193,886)
Net book amount	<u>4,757,923</u>	<u>9,829,940</u>	<u>2,044,790</u>	<u>9,952,316</u>	<u>19,173,973</u>	<u>106,317,227</u>	<u>2,421,996</u>	<u>154,498,165</u>

Asia Aviation Public Company Limited
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13 Aircraft, leasehold improvements and equipment, net (Cont'd)

	Consolidated								Total Baht
	Leasehold improvements Baht	Computers Baht	Furniture, fixtures & office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft Baht	Aircraft spare parts Baht	Assets under installation Baht	
At 1 January 2012 (proportionate)									
Cost	17,125,648	34,160,575	10,623,370	44,752,425	40,714,208	-	274,893,829	2,421,996	424,692,051
<u>Less</u> Accumulated depreciation	<u>(12,367,725)</u>	<u>(24,330,635)</u>	<u>(8,578,580)</u>	<u>(34,800,109)</u>	<u>(21,540,235)</u>	-	<u>(168,576,602)</u>	-	<u>(270,193,886)</u>
Net book amount	<u>4,757,923</u>	<u>9,829,940</u>	<u>2,044,790</u>	<u>9,952,316</u>	<u>19,173,973</u>	-	<u>106,317,227</u>	<u>2,421,996</u>	<u>154,498,165</u>
For the year ended 31 December 2012									
Opening net book amount	4,757,923	9,829,940	2,044,790	9,952,316	19,173,973	-	106,317,227	2,421,996	154,498,165
Increase from gaining control in a subsidiary	8,221,208	17,598,299	3,733,715	18,169,121	32,843,648	-	289,933,946	13,630,845	384,130,782
Decrease from changing from investment in a joint venture to a subsidiary	(4,192,814)	(8,975,129)	(1,904,194)	(9,266,249)	(16,750,255)	-	(147,866,261)	(6,951,729)	(195,906,631)
Additions	6,284,843	9,100,119	635,613	35,482,358	-	2,513,860,588	78,078,003	29,411,877	2,672,853,401
Disposals, net	(596,498)	(77,530)	(32,864)	(1)	(3)	-	(212,337)	-	(919,233)
Transfers	14,043,096	-	2,630,798	439,441	-	-	-	(17,113,335)	-
Depreciation charge	<u>(3,892,647)</u>	<u>(6,172,403)</u>	<u>(1,576,083)</u>	<u>(9,345,987)</u>	<u>(11,374,584)</u>	<u>(28,273,639)</u>	<u>(30,469,974)</u>	-	<u>(91,105,317)</u>
Closing net book amount	<u>24,625,111</u>	<u>21,303,296</u>	<u>5,531,775</u>	<u>45,430,999</u>	<u>23,892,779</u>	<u>2,485,586,949</u>	<u>295,780,604</u>	<u>21,399,654</u>	<u>2,923,551,167</u>
At 31 December 2012									
Cost	51,586,988	74,335,459	23,770,804	124,539,416	79,308,485	2,513,860,588	661,691,262	21,399,654	3,550,492,656
<u>Less</u> Accumulated depreciation	<u>(26,961,877)</u>	<u>(53,032,163)</u>	<u>(18,239,029)</u>	<u>(79,108,417)</u>	<u>(55,415,706)</u>	<u>(28,273,639)</u>	<u>(365,910,658)</u>	-	<u>(626,941,489)</u>
Net book amount	<u>24,625,111</u>	<u>21,303,296</u>	<u>5,531,775</u>	<u>45,430,999</u>	<u>23,892,779</u>	<u>2,485,586,949</u>	<u>295,780,604</u>	<u>21,399,654</u>	<u>2,923,551,167</u>

The leased assets included above, where the Group is a lessee under finance lease agreements, comprise aircraft and motor vehicles, total cost of which is Baht 2,530.73 million and total accumulated depreciation of Baht 33.80 million (2011: total proportionate cost of Baht 8.60 million and total proportionate accumulated depreciation of Baht 1.10 million).

As at 31 December 2012, the gross carrying amount of fully depreciated leasehold improvements and equipment that were still in use totalling gross amount of Baht 142.40 million (2011: total proportionate gross amount of Baht 50.44 million).

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

	<u>Company</u> <u>Office</u> <u>equipment</u> <u>Baht</u>
At 1 January 2011	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(34,887)</u>
Net book amount	<u>5,800</u>
For the year ended 31 December 2011	
Opening net book amount	5,800
Depreciation charge	<u>(3,794)</u>
Closing net book amount	<u>2,006</u>
At 31 December 2011	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(38,681)</u>
Net book amount	<u>2,006</u>
For the year ended 31 December 2012	
Opening net book amount	2,006
Depreciation charge	<u>(1,982)</u>
Closing net book amount	<u>24</u>
At 31 December 2012	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>

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14 Intangible assets, net

	Proportionate consolidated			Total Baht
	Computer software Baht	Computer software under installation Baht		
At 1 January 2011				
Cost	17,231,522	2,724,243		19,955,765
<u>Less</u> Accumulated amortisation	(9,392,343)	-		(9,392,343)
Net book amount	7,839,179	2,724,243		10,563,422
For the year ended 31 December 2011				
Opening net book amount	7,839,179	2,724,243		10,563,422
Effect on additional proportion of investment in a joint venture	126,191	55,404		181,595
Additions	91,864	1,104,942		1,196,806
Write-offs and adjustments, net	(619)	(2,206,155)		(2,206,774)
Transfers	287,805	(287,805)		-
Amortisation charge	(2,460,984)	-		(2,460,984)
Closing net book amount	5,883,436	1,390,629		7,274,065
At 31 December 2011				
Cost	15,769,674	1,390,629		17,160,303
<u>Less</u> Accumulated amortisation	(9,886,238)	-		(9,886,238)
Net book amount	5,883,436	1,390,629		7,274,065
	Consolidated			Total Baht
	Landing rights Baht	Computer software Baht	Computer software under installation Baht	
At 31 December 2011 (Proportionate)				
Cost	-	15,769,674	1,390,629	17,160,303
<u>Less</u> Accumulated amortisation	-	(9,886,238)	-	(9,886,238)
Net book amount	-	5,883,436	1,390,629	7,274,065
For the year ended 31 December 2012				
Opening net book amount	-	5,883,436	1,390,629	7,274,065
Increase from gaining control in a subsidiary (Note 10)	14,856,000,000	10,754,658	2,499,724	14,869,254,382
Decrease from changing from investment in a joint venture to a subsidiary	-	(5,484,874)	(1,274,859)	(6,759,733)
Additions	-	1,408,532	115,770	1,524,302
Transfers	-	1,317,649	(1,317,649)	-
Amortisation charge	-	(3,482,680)	-	(3,482,680)
Closing net book amount	14,856,000,000	10,396,721	1,413,615	14,867,810,336
At 31 December 2012				
Cost	14,856,000,000	33,912,412	1,413,615	14,891,326,027
<u>Less</u> Accumulated amortisation	-	(23,515,691)	-	(23,515,691)
Net book amount	14,856,000,000	10,396,721	1,413,615	14,867,810,336

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

14 Intangible assets, net (Cont'd)

	<u>Company</u> <u>Computer</u> <u>software</u> <u>Baht</u>
At 1 January 2011	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(4,408)</u>
Net book amount	<u>2,012</u>
For the year ended 31 December 2011	
Opening net book amount	2,012
Amortisation charge	<u>(960)</u>
Closing net book amount	<u>1,052</u>
At 31 December 2011	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(5,368)</u>
Net book amount	<u>1,052</u>
For the year ended 31 December 2012	
Opening net book amount	1,052
Amortisation charge	<u>(1,051)</u>
Closing net book amount	<u>1</u>
At 31 December 2012	
Cost	6,420
<u>Less</u> Accumulated amortisation	<u>(6,419)</u>
Net book amount	<u>1</u>

15 Goodwill

	<u>Consolidated</u> <u>2012</u> <u>Baht</u>
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 10)	<u>7,415,116,414</u>
Closing book amount	<u>7,415,116,414</u>

No impairment loss was required for the carrying amount of goodwill as assessed at 31 December 2012 by management as the recoverable amount was in excess of the carrying amount.

The recoverable amount of a cash-generating unit (CGU) contained goodwill is determined based on fair value less cost to sell calculation. The calculation uses pre-tax cash flow projection based on financial budget approved by management covering a five-year period. Cash flows beyond the five-year period is extrapolated using estimated growth rates, the cash flow projections are based on long-term business plans with a corresponding increase in capital expenditure to support the growth rate. These cash flows are then aggregated with a terminal value. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

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15 Goodwill (Cont'd)

The key assumptions used for fair value less cost to sell calculation are as follows:

Growth rate ¹	3.00%
Discount rate ²	12.26%

¹ Weighted average growth rate used to extrapolate cash flow beyond the budget period.

² Pre-tax discount rate, determined from the Company weighted average cost of capital (WACC), is applied to the cash flow projection.

16 Other non-current assets

	Note	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Aircraft rental deposits	25.8	543,255,174	253,912,027	-	-
Fuel price swap deposits	25.8	15,242,850	8,045,374	-	-
Rental deposits		27,630,491	9,276,291	-	-
Other deposits		87,152,492	21,185,682	-	-
Total other non-current assets		<u>673,281,007</u>	<u>292,419,374</u>	-	-

17 Long-term borrowing from a financial institution

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

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Within 1 year	-	247,859,915	-	-
Over 1 year but less than 5 years	-	6,713,256	-	-
	-	<u>254,573,171</u>	-	-

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

	Consolidated	Company
	2012 Baht	2012 Baht
Opening book amount	254,573,171	-
Loan repayments	(254,573,171)	-
Closing book amount	<u>-</u>	<u>-</u>

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18 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Within one year	207,619,284	2,144,430	-	-
Later than 1 year but not later than 5 years	790,765,579	5,622,344	-	-
Later than 5 years	1,388,409,709	-	-	-
<u>Less</u> Future finance charges on finance leases	(466,539,278)	(615,376)	-	-
	1,920,255,294	7,151,398	-	-
Representing lease liabilities:				
- Short-term	137,142,871	2,431,587	-	-
- Long-term	1,783,112,423	4,719,811	-	-
	1,920,255,294	7,151,398	-	-

The present value of finance lease liabilities is as follows:

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Within one 1 year	203,310,715	2,065,242	-	-
Later than 1 year but not later than 5 years	704,624,080	5,086,156	-	-
Later than 5 years	1,012,320,499	-	-	-
	1,920,255,294	7,151,398	-	-

On 29 September 2012 and 11 November 2012, the Group accepted the delivery of aircraft under finance lease agreements. The agreements have periods of 12 years and 11 years 8 months, respectively. According to conditions of the agreements, the Group must comply with financial and operational covenants. The Group has a purchase option of the aircraft from the lessors at the end of the lease term.

19 Employee benefit obligations

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

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Opening book amount	42,203,653	31,541,528	-	-
Increase from gaining control in a subsidiary	88,353,964	-	-	-
Effect on additional proportion of investment a joint venture	-	771,599	-	-
Decrease from changing from investment in a joint venture to a subsidiary	(45,060,507)	-	-	-
Current service costs	19,019,392	8,556,614	-	-
Interest costs	3,075,097	1,333,912	-	-
Actuarial loss	4,254,785	-	-	-
Closing book amount	111,846,384	42,203,653	-	-

The profit or loss amounts recognised in statements of comprehensive income are as follows:

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2012 Baht	2012 Baht	2012 Baht
Current service costs	19,019,392	8,556,614	-	-
Interest costs	3,075,097	1,333,912	-	-
Total, included in staff costs	22,094,489	9,890,526	-	-

The principal actuarial assumptions used are as follows:

		Consolidated	Proportionate consolidated	Company	
		2012	2011	2012	2011
Discount rate	% per annum	3.98	4.16	-	-
Future salary increase rate	% per annum	5.34 - 10.00	5.34 - 7.00	-	-
Resignation rate	% per annum	0.00 - 11.00	0.00 - 11.00	-	-

20 Share capital

	Par value	Number of authorised ordinary shares	Issued and paid-up ordinary shares	Issued and paid-up ordinary shares	Share premium	Total
	Baht	Shares	Shares	Baht	Baht	Baht
At 1 January 2011 pre-split	10.00	41,000,000	41,000,000	410,000,000	-	410,000,000
At 26 December 2011 post-split	0.10	4,100,000,000	4,100,000,000	410,000,000	-	410,000,000
Additional shares registered	0.10	750,000,000	-	-	-	-
At 31 December 2011	0.10	4,850,000,000	4,100,000,000	410,000,000	-	410,000,000
Issue of shares	0.10	-	750,000,000	75,000,000	2,599,808,274	2,674,808,274
At 31 December 2012	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274

20 Share capital (Cont'd)

At the Extraordinary Shareholders' Meeting held on 26 December 2011, there were matters approved by the shareholders as follows:

- An alteration of par value from Baht 10 per share to Baht 0.10 per share. Therefore, the number of the Company's shares was increased from 41 million shares to 4,100 million shares. The Company registered the alteration of par value with the Ministry of Commerce on 26 December 2011.
- An increase in the authorised share capital of the Company from 4,100 million shares to 4,850 million shares by issuing additional ordinary shares of 750 million shares with a par value of Baht 0.10 each. The Company registered the increase in the additional shares with the Ministry of Commerce on 26 December 2011.
- The allocation of new additional ordinary shares of no greater than 750 million shares with a par value of Baht 0.10 per share for the Initial Public Offering.

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 71.46 million, respectively.

21 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 in which the completion of service by the employees is required 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 year ended 31 December 2012, the Group recognised the expenses related to equity-settled share-based payments in the statement of comprehensive income totalling Baht 53.94 million.

Movements in the number of share outstanding and their related weighted average share prices are as follows:

	Consolidated		Company	
	Average share price Baht per share	Share	Average share price Baht per share	Share
At 1 January 2012	-	-	-	-
Granted	3.70	23,690,000	-	-
Forfeited	3.70	(958,000)	-	-
At 31 December 2012	3.70	22,732,000	-	-

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22 Revenues

Revenues from sales and services are as follows:

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Passenger revenues	12,915,353,476	6,630,354,597	-	-
Baggage handling and other service fees	2,894,900,946	1,332,005,113	-	-
In-flight revenues	161,682,474	80,275,240	-	-
Freight revenues	131,013,878	80,549,584	-	-
Total revenues	16,102,950,774	8,123,184,534	-	-

23 Expense by nature

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

	Notes	Consolidated	Proportionate consolidated	Company	
		2012 Baht	2011 Baht	2012 Baht	2011 Baht
Depreciation and amortisation	13,14	94,587,997	35,988,641	3,033	4,754
Staff costs		1,570,160,433	720,936,869	-	437,636
Fuel costs		6,609,079,683	3,220,341,012	-	-
Aircraft rental	25.2	2,624,466,685	1,371,072,992	-	-
Repair and maintenance		1,246,315,698	553,552,554	-	-
Ramp and airport operations costs		1,210,432,821	686,780,497	-	-

24 Earnings (loss) per share

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

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
Net profit (loss) attributable to shareholders of the parent (Baht)	15,648,572,302	1,014,121,991	(6,140,671)	(1,974,621)
Weighted average number of paid-up ordinary shares outstanding (Shares)	4,544,672,131	4,100,000,000	4,544,672,131	4,100,000,000
Basic earnings (loss) per share (Baht)	3.44	0.25	(0.00)	(0.00)

The Group does not have diluted ordinary shares as at 31 December 2012 and 2011.

25 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.

The major shareholder of the Company is management of the Company. The remaining is widely held.

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

The following significant transactions were carried out with related parties:

25.1) Income

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Interest income				
Other related parties	1,675,715	62,718,814	-	-
A director	-	668,139	-	-
	1,675,715	63,386,953	-	-

25.2) Purchases of goods and services and interest expenses

25.2.1) Other related parties

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Share of loss (gain) from fuel price swap agreements	45,727,901	(6,558,801)	-	-
Share of staff costs for accounting services	(22,786,691)	(17,005,329)	-	-
Aircraft rental	2,624,466,685	1,371,072,992	-	-
Aircraft repair and maintenance	1,064,199,267	501,725,050	-	-
Purchase of merchandises and equipment	137,097,940	26,937,820	-	-
Management fee expenses	12,544,196	7,423,069	-	-
Booking fee expenses	58,311,043	28,745,760	-	-
Pilot training expenses	50,250,601	-	-	-
Interest expenses	-	74,322,470	-	-

25 Related party transactions (Cont'd)

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

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

25.2.2) Subsidiary

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Interest expenses	-	-	225,173	-

25.3) Management remunerations

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

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Salaries and other short-term employee benefits	55,750,392	23,329,959	3,500,000	180,000
Retirement benefits	13,667,017	1,053,365	-	-
	69,417,409	24,383,324	3,500,000	180,000

25.4) Passenger revenues and expenses received and paid on behalf

	Consolidated	Proportionate consolidated	Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Passenger revenues received on behalf of the Group by other related parties	2,198,912,696	1,718,031,522	-	-
Cash received on behalf of other related party	372,281,874	232,983,292	-	-
Expenses paid on behalf of the Group by other related parties	299,747,223	362,955,005	-	-
Advance payments on behalf of other related parties	129,182,258	218,597,173	-	-
Expense paid on behalf of the company by a subsidiary	-	-	5,550,252	-

25 Related party transactions (Cont'd)

Outstanding balances arising from receivables, payables, short-term loan to a director and other non-current assets are summarised as follows:

25.5) Amounts due from related parties

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Other related parties	210,772,034	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).

25.6) Amounts due to related parties

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Other related party	427,725,470	184,156,928	-	-

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

25.7) Short-term loan to a director

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Opening book amount	-	52,583,531	-	-
Increase during the year	-	31,520,600	-	-
Received during the year	-	(81,520,600)	-	-
Increase from interest receivable during the year	-	655,038	-	-
Interest received during the year	-	(3,238,569)	-	-
Closing book amount	-	-	-	-

Short-term loan to a director was unsecured and denominated in Thai Baht, carried interest at 1.50% per annum. The loan was fully settled in 2011.

25 Related party transactions (Cont'd)

Outstanding balances arising from receivables, payables, short-term loan to a director and other non-current assets are summarised as follows: (Cont'd)

25.8) Other non-current assets

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Aircraft rental deposits				
Other related party	543,255,174	253,912,027	-	-
Fuel price swap deposit				
Other related party	15,242,850	8,045,374	-	-

26 Commitments

Operating lease commitments

As at 31 December, the Group had outstanding commitments in respect of the non-cancellable office leases and others as follows:

	Consolidated	Proportionate consolidated	Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Not later than 1 year	22,916,044	23,074,434	-	-
Later than 1 year but not later than 5 years	14,239,637	17,611,543	-	-
Total	37,155,681	40,685,977	-	-

As at 31 December 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 25 aircraft (As at 31 December 2011: 22 aircraft) and insurance agreements of the 27 aircraft (As at 31 December 2011: 22 aircraft) as follows:

	Consolidated		Proportionate consolidated	
	2012		2011	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	104,040,000	834,791	45,747,483	411,034
Later than 1 year but not later than 5 years	416,160,000	-	59,296,481	-
Later than 5 years	415,725,041	-	23,480,282	-
Total	935,925,041	834,791	128,524,246	411,034

27 Guarantees

As at 31 December 2012, the Group had no commitment relating to the guarantees issued by banks in respect of pilot trainees' loans in accordance with their professional pilot courses (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 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 31 December 2012, there was no commitment relating to the above guarantees.

28 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		
	2012			2011		
	Baht million	US Dollars million	India Rupee million	Baht million	US Dollars million	India Rupee million
Guarantees relating to flight operating activities	5.60	0.45	30.83	2.86	0.05	14.19

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

	Consolidated		Proportionate consolidated	
	2012		2011	
	Baht million	India Rupee million	Baht million	India Rupee million
Fixed-deposit accounts	8.93	31.13	3.06	14.19

29 Promotional privileges

As at 31 December 2012, Thai AirAsia Company Limited, its subsidiary, received seven 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.

30 Subsequent events

On 1 February 2013, Thai AirAsia Company Limited, its subsidiary, accepted the delivery of one 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. This aircraft is acquired under lease agreements for period of 12 years.