

**THAI AIRASIA COMPANY LIMITED**

**INTERIM FINANCIAL INFORMATION  
(UNAUDITED)**

**31 MARCH 2013**



## AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Thai AirAsia Company Limited

I have reviewed the accompanying statements of financial position as at 31 March 2013, the related statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, and condensed notes to interim financial information of Thai AirAsia Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### *Scope of review*

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

### *Conclusion*

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

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

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

Bangkok  
10 May 2013

**Thai AirAsia Company Limited**  
**Statement of Financial Position**  
**As at 31 March 2013**

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 March</b>	<b>31 December</b>
		<b>2013</b>	<b>2012</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,329,961,202	3,847,787,525
Cash at financial institutions pledged as security		74,753,564	17,383,211
Short-term investments		2,852,952,497	2,295,900,960
Investments in private funds	6	1,005,595,743	-
Trade and other receivables	7	546,262,081	378,777,465
Amounts due from related parties	13.5	203,214,309	210,772,034
Inventories		54,169,422	58,345,198
Prepaid expenses		335,971,066	233,859,145
Value added tax receivable, net		-	99,289,077
Other current assets		21,498,079	13,436,177
<b>Total current assets</b>		<b>8,424,377,963</b>	<b>7,155,550,792</b>
<b>Non-current assets</b>			
Cash at financial institutions pledged as security		6,225,488	7,714,350
General investment		8,769,300	8,769,300
Aircraft, leasehold improvements, and equipment, net	8	4,177,107,426	2,923,551,143
Intangible assets, net	8	11,885,767	11,810,335
Other non-current assets		667,644,271	673,281,007
<b>Total non-current assets</b>		<b>4,871,632,252</b>	<b>3,625,126,135</b>
<b>Total assets</b>		<b>13,296,010,215</b>	<b>10,780,676,927</b>

The accompanying notes are an integral part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 March 2013**

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 March</b>	<b>31 December</b>
		<b>2013</b>	<b>2012</b>
	<u>Notes</u>	<u>Baht</u>	<u>Baht</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade accounts payable		77,602,008	70,988,769
Other accounts payable		126,491,073	105,991,639
Amounts due to a related parties	13.6	383,599,162	427,725,470
Deferred revenues		4,012,690,921	3,582,160,385
Accrued expenses		693,167,778	551,972,590
Current portion of finance lease liabilities	9	199,395,688	137,142,871
Income tax payable		242,825,899	66,819,634
Other current liabilities		27,083,866	19,164,817
<b>Total current liabilities</b>		<u>5,762,856,395</u>	<u>4,961,966,175</u>
<b>Non-current liabilities</b>			
Finance lease liabilities	9	2,724,414,851	1,783,112,423
Deferred tax liabilities, net	10	46,144,223	27,816,517
Employee benefit obligations		127,700,013	111,846,384
<b>Total non-current liabilities</b>		<u>2,898,259,087</u>	<u>1,922,775,324</u>
<b>Total liabilities</b>		<u>8,661,115,482</u>	<u>6,884,741,499</u>

The accompanying notes are an integral part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 March 2013**

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	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>Baht</b>	<b>Baht</b>
	<u>                    </u>	<u>                    </u>
<b>Liabilities and shareholders' equity (Cont'd)</b>		
<b>Shareholders' equity</b>		
Share capital		
Authorised share capital		
Ordinary shares, 43,555,560 shares of par Baht 10 each	<u>435,555,600</u>	<u>435,555,600</u>
Issued and paid-up share capital		
Ordinary shares, 43,555,560 shares of paid-up Baht 10 each	435,555,600	435,555,600
Premium on share capital	2,628,786,469	2,628,786,469
Retained earnings	<u>1,570,552,664</u>	<u>831,593,359</u>
<b>Total shareholders' equity</b>	<u>4,634,894,733</u>	<u>3,895,935,428</u>
<b>Total liabilities and shareholders' equity</b>	<u>13,296,010,215</u>	<u>10,780,676,927</u>

The accompanying notes are an integral part of this interim financial information.

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**Thai AirAsia Company Limited**  
**Statement of Comprehensive Income (Unaudited)**  
**For the three-month period ended 31 March 2013**

	<u>Notes</u>	<u>2013</u> <u>Baht</u>	<u>2012</u> <u>Baht</u>
Revenues		6,028,958,141	4,868,108,717
Operating costs		<u>(4,734,970,647)</u>	<u>(4,030,744,973)</u>
<b>Gross profit</b>		1,293,987,494	837,363,744
Net gain on exchange rates		388,707	3,343,409
Other income		<u>95,459,175</u>	<u>96,277,118</u>
<b>Profit before expenses</b>		1,389,835,376	936,984,271
Selling expenses		(281,988,052)	(197,327,310)
Administrative expenses		<u>(146,283,277)</u>	<u>(112,032,020)</u>
<b>Profit before finance costs and income tax</b>		961,564,047	627,624,941
Finance costs		<u>(27,386,599)</u>	<u>(5,982,619)</u>
<b>Profit before income tax</b>		934,177,448	621,642,322
Income tax	11	<u>(195,218,143)</u>	<u>(144,114,584)</u>
<b>Net profit for the period</b>		<u>738,959,305</u>	<u>477,527,738</u>
<b>Total comprehensive income for the period</b>		<u><u>738,959,305</u></u>	<u><u>477,527,738</u></u>
<b>Earnings per share</b>			
Basic earnings per share	12	<u>16.97</u>	<u>11.94</u>

The accompanying notes are an integral part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Changes in Shareholders' Equity (Unaudited)**  
**For the three-month period ended 31 March 2013**

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings (Deficits) Baht	Total Baht
<b>Opening balance as at 1 January 2012</b>					
- as previously reported		400,000,000	1,227,629	(947,202,902)	(545,975,273)
Adjustment from adoption of a new accounting standard	4.1	-	-	170,838,613	170,838,613
<b>Balance after adjustment</b>		400,000,000	1,227,629	(776,364,289)	(375,136,660)
Total comprehensive income for the period					
- as previously reported		-	-	621,642,322	621,642,322
Adjustment from adoption of a new accounting standard	4.1	-	-	(144,114,584)	(144,114,584)
Total comprehensive income for the period - as restated		-	-	477,527,738	477,527,738
<b>Closing balance as at 31 March 2012</b>		<u>400,000,000</u>	<u>1,227,629</u>	<u>(298,836,551)</u>	<u>102,391,078</u>
<b>Opening balance as at 1 January 2013</b>					
- as previously reported		435,555,600	2,628,786,469	859,409,876	3,923,751,945
Adjustment from adoption of a new accounting standard	4.1	-	-	(27,816,517)	(27,816,517)
<b>Balance after adjustment</b>		435,555,600	2,628,786,469	831,593,359	3,895,935,428
Total comprehensive income for the period		-	-	738,959,305	738,959,305
<b>Closing balance as at 31 March 2013</b>		<u>435,555,600</u>	<u>2,628,786,469</u>	<u>1,570,552,664</u>	<u>4,634,894,733</u>

The accompanying notes are an integral part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Cash Flows (Unaudited)**  
**For the three-month period ended 31 March 2013**

	<b>Notes</b>	<b>2013</b> <b>Baht</b>	<b>2012</b> <b>Baht</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		934,177,448	621,642,322
Adjustments for:			
Depreciation	8	58,448,951	16,703,613
Amortisation	8	1,056,291	1,001,343
Loss on disposals and write-offs of leasehold improvements and equipment	8	1,474,248	123,074
Employee benefit expenses		15,853,629	5,601,675
Amortisation of share-based payment		20,227,615	-
Net gain on exchange rates		(23,084,286)	(23,138,599)
Unrealised gain on fair value adjustment in investments in private funds	6	(5,595,743)	-
Finance costs		27,386,599	5,982,619
Interest income		(35,083,769)	(3,989,581)
		994,860,983	623,926,466
<b>Changes in operating assets and liabilities:</b>			
- Cash at financial institutions pledged as security		(55,881,491)	(112,221,270)
- Trade and other receivables		(151,027,130)	(10,696,728)
- Amounts due from related parties		7,913,384	64,928,768
- Inventories		4,175,776	3,413,409
- Prepaid expenses		(122,339,536)	(2,291,406)
- Value added tax receivable		99,289,077	509,550,895
- Other current assets		(8,061,902)	(2,856,087)
- Other non-current assets		5,636,736	(17,361,639)
- Trade accounts payable		6,613,239	(6,898,011)
- Other accounts payable		20,499,434	12,839,101
- Amounts due to related parties		(44,126,308)	2,782,334
- Deferred revenues		430,530,536	451,576,400
- Accrued expenses		132,635,406	65,035,968
- Other current liabilities		7,919,049	8,148,473
		1,328,637,253	1,589,876,673
Cash generated from operating activities		1,328,637,253	1,589,876,673
Income tax paid		(884,172)	-
Interest received		1,575,856	1,781,384
		1,329,328,937	1,591,658,057
Net cash generated from operating activities		1,329,328,937	1,591,658,057

The accompanying notes are an integral part of this interim financial information.



**Thai AirAsia Company Limited**  
**Statement of Cash Flows (Unaudited) (Cont'd)**  
**For the three-month period ended 31 March 2013**

	<b>Notes</b>	<b>2013</b> <b>Baht</b>	<b>2012</b> <b>Baht</b>
<b>Cash flows from investing activities</b>			
Net payments for short-term investments		(557,051,537)	(26,000,000)
Purchase of securities in investments in private funds	6	(1,748,621,911)	-
Disposals of securities in investments in private fund	6	748,621,911	-
Proceeds from disposals of leasehold improvements and equipment		-	1,200,000
Payments for aircraft, leasehold improvements and equipment		(210,600,009)	(38,236,201)
Payments for intangible assets	8	(1,131,723)	(227,000)
Interest received		16,508,398	2,208,197
Net cash used in investing activities		<u>(1,752,274,871)</u>	<u>(61,055,004)</u>
<b>Cash flows from financing activities</b>			
Repayments of finance lease		(53,099,607)	(1,075,842)
Repayments of long-term borrowing from a financial institution		-	(499,163,251)
Interest paid		(24,982,927)	(5,982,619)
Net cash used in financing activities		<u>(78,082,534)</u>	<u>(506,221,712)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>			
		(501,028,468)	1,024,381,341
Cash and cash equivalents at the beginning of the period		3,847,787,525	1,359,702,567
Exchange gain (loss) on cash and cash equivalents		(16,797,855)	23,138,599
<b>Cash and cash equivalents at the end of the period</b>		<u><u>3,329,961,202</u></u>	<u><u>2,407,222,507</u></u>

**Non-cash transactions**

Significant non-cash transactions during the periods ended 31 March 2013 and 2012 are as follows:

Purchase of aircraft spare parts which have not been paid	13,358,280	23,243,061
Purchase of aircraft under finance lease agreement	1,079,944,867	-

The accompanying notes are an integral part of this interim financial information.

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2013**

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**1 General information**

Thai AirAsia Company Limited (“the Company”) is a limited company and incorporated in Thailand. The address of the Company’s registered office is as follows:

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

The principal business operation of the Company is to provide low-fare airline service.

On 4 May 2012, the Company was changed from a joint venture of Asia Aviation Public Company Limited, incorporated in Thailand and AirAsia Investment Ltd., incorporated in Malaysia to a subsidiary of Asia Aviation Public Company Limited in accordance with “Amend and Restated Shareholders’ Agreement” between Asia Aviation Public Company Limited and Air Asia Investment Ltd., which own 55% and 45% of the Company’s shares, respectively (31 December 2012: 55% and 45%, respectively).

The interim financial information was approved by the Board of Directors on 10 May 2013.

This interim financial information has been reviewed, not audited.

**2 Basis of preparation**

These interim financial information are 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 the SEC.

This interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012.

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

### **3 Significant accounting policies**

The accounting policies used in the preparation of the interim financial information are consistent with those used in the financial statements for the year ended 31 December 2012 except as described in Note 4.

#### **New interpretations**

New interpretations are currently mandatory for the accounting periods beginning on or after 1 January 2014, which are relevant to the Company but the Company has not early adopted them are as follows:

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes

The Company's management has assessed and determined that the new interpretations will not significantly impact the financial information being presented except the new interpretation as disclosed below:

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 Company's management is currently assessing the impact of applying this interpretation.

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

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

#### **4 New accounting policies**

##### **4.1) Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2013**

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

**4.1 Current and deferred income taxes (Cont'd)**

The Company has applied Thai Accounting Standard 12, which dealt with accounting for current and deferred income taxes since 1 January 2013 by retrospective adjusting. The effects of the adoption of the above standard were as follows:

	<u>Baht</u>
<b>Statement of financial position</b>	
Deferred tax assets as of 1 January 2012 increased	170,838,613
Deferred tax liabilities, net as of 31 December 2012 increased	27,816,517
Deficits as of 1 January 2012 decreased	170,838,163
Retained earnings as of 31 December 2012 decreased	27,816,517
<b>Statement of comprehensive income for the three-month period</b>	
Income taxes expenses for the period ended 31 March 2012 increased	144,114,584
Basic earnings per share for the period ended 31 March 2012 decreased	3.60

**4.2 Foreign currency translation**

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The interim financial information are presented in Thai Baht, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss in the statement of comprehensive income.

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

**4.2) Foreign currency translation (Cont'd)**

(b) Transactions and balances (Cont'd)

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss in the statement of comprehensive income, any exchange component of that gain or loss is recognised in profit and loss in the statement of comprehensive income.

**4.3) Segment reporting**

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

**4.4) Investments in private funds**

Investments in private funds comprise fixed deposit, government bonds and debt instruments which are classified as trading investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

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

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

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised in profit or loss in the statement of comprehensive income.

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

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2013**

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**5 Segment information**

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

**6 Investments in private funds**

In the first quarter of 2013, the Company established private funds and engaged two local independent asset management companies to manage cash balance of the Company. As at 31 March 2013, the Company has securities of investments in private funds as follows:

	<b>Unaudited Fair value Baht</b>
Fixed-deposits	143,234,976
Government bond	187,882,099
Debt instrument	<u>674,478,668</u>
Total investments in private funds	<u>1,005,595,743</u>

The movement of investments in privates fund is as follows:

	<b>Unaudited Baht</b>
<b>For the three-month period ended 31 March 2013</b>	
Opening net book amount	-
Additions	1,748,621,911
Disposals	(748,621,911)
Fair value adjustment	<u>5,595,743</u>
Closing net book amount	<u>1,005,595,743</u>

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2013**

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**7 Trade and other receivables**

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
Trade accounts receivable	307,806,324	264,022,927
Accrued income	218,440,751	95,410,129
Other accounts receivable	20,015,006	19,344,409
Total trade and other receivables	<u>546,262,081</u>	<u>378,777,465</u>

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

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
Up to 3 months	261,582,723	227,256,126
3 - 6 months	10,078,251	6,627,750
6 - 12 months	13,019,116	16,442,335
Over 12 months	23,126,234	13,696,716
Total trade accounts receivable	<u>307,806,324</u>	<u>264,022,927</u>

**8 Aircraft, leasehold improvements, equipment and intangible assets, net**

	<b>Unaudited Aircraft, leasehold improvements and equipment Baht</b>	<b>Unaudited Intangible assets Baht</b>
<b>For the three-month period ended 31 March 2013</b>		
Opening net book amount	2,923,551,143	11,810,335
Additions	1,313,479,482	1,131,723
Write-offs, net	(1,474,248)	-
Depreciation/amortisation	(58,448,951)	(1,056,291)
Closing net book amount	<u>4,177,107,426</u>	<u>11,885,767</u>

The significant additions in financial information for the three-month period ended 31 March 2013 are aircraft acquired under finance lease and related spare parts amount of Baht 1,290.27 million.



**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2013**

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**9 Finance lease liabilities**

Finance lease liabilities - minimum lease payments:

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
Within one year	319,729,211	207,619,284
Later than 1 year but not later than 5 years	1,348,389,579	790,765,579
Later than 5 years	2,059,892,579	1,388,409,709
<u>Less</u> future finance charges on finance leases	(804,200,830)	(466,539,278)
	<u>2,923,810,539</u>	<u>1,920,255,294</u>
Representing lease liabilities:		
- Current portion	199,395,688	137,142,871
- Non-current portion	<u>2,724,414,851</u>	<u>1,783,112,423</u>
	<u>2,923,810,539</u>	<u>1,920,255,294</u>

The present value of finance lease liabilities is as follows:

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
Within 1 year	312,183,535	203,310,715
Later than 1 year but not later than 5 years	1,184,405,490	704,624,080
Later than 5 years	<u>1,427,221,514</u>	<u>1,012,320,499</u>
	<u>2,923,810,539</u>	<u>1,920,255,294</u>

On 1 February 2013, the Company entered into an Aircraft Finance Lease Agreement with a lessor and accepted the delivery of aircraft on that date. The agreement has period of 12 years. According to conditions of the agreements, the Company must comply with financial and operational covenants. The Company has a purchase option of the aircraft from the lessor at the end of the lease term.

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**10 Deferred tax liabilities, net**

The analysis of deferred tax assets and deferred tax liabilities is as follow:

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
Deferred tax assets	405,732,200	269,683,514
Deferred tax liabilities	(451,876,423)	(297,500,031)
Deferred tax liabilities, net	<u>(46,144,223)</u>	<u>(27,816,517)</u>

The gross movement and the deferred tax liabilities, net is as follows:

	<b>Unaudited Baht</b>
At 1 January 2013	27,816,517
Charged to the statement of comprehensive income (Note 11)	18,327,706
At 31 March 2013	<u>46,144,223</u>

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

	<b>Accelerated tax depreciation Baht</b>	<b>Employee benefit obligations Baht</b>	<b>Finance lease Baht</b>	<b>Total Baht</b>
<b>Deferred tax assets</b>				
At 1 January 2013	110,862	22,219,821	247,352,831	269,683,514
(Charged)/ credited to the statement of comprehensive income	(54,528)	3,147,712	132,955,502	136,048,686
At 31 March 2013	<u>56,334</u>	<u>25,367,533</u>	<u>380,308,333</u>	<u>405,732,200</u>
		<b>Share-based payment Baht</b>	<b>Finance lease Baht</b>	<b>Total Baht</b>
<b>Deferred tax liabilities</b>				
At 1 January 2013		6,062,640	291,437,391	297,500,031
Charged/(credited) to the statement of comprehensive income		(2,862,006)	157,238,398	154,376,392
At 31 March 2013		<u>3,200,634</u>	<u>448,675,789</u>	<u>451,876,423</u>

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**11 Income tax expenses**

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht</b>	<b>Baht</b>
<b>Current tax:</b>		
Current tax on profit for the period	176,890,437	-
Total current tax	176,890,437	-
<b>Deferred tax (Note 10):</b>		
Origination and reversal of temporary differences	18,327,706	144,279,872
Impact of change in the Thai tax rate	-	(165,288)
Total deferred tax	18,327,706	144,114,584
<b>Total tax expense</b>	<b>195,218,143</b>	<b>144,114,584</b>

**12 Earnings per share**

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

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2013</b>	<b>2012</b>
Net profit for the period attributable to ordinary shareholders (Baht)	738,959,305	477,527,738
Weighted average number of paid-up ordinary shares outstanding during the period (Shares)	43,555,560	40,000,000
Basic earnings per share (Baht)	16.97	11.94

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**13 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.

On 31 March 2013, the Company are controlled by Asia Aviation Public Company Limited which owns 55% of the shares of the Company (31 December 2012: 55%).

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

The following significant transactions were carried out with related parties:

**13.1) Income**

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht</b>	<b>Baht</b>
<b>Interest income</b>		
Other related parties	542,029	1,553,405

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

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

**13.2) Purchases of goods, services and interest expenses with other related parties**

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2013 Baht</b>	<b>2012 Baht</b>
Share of gain from fuel price swap agreements	-	(39,897,202)
Share of staff costs for accounting services	(12,096,900)	(8,873,538)
Aircraft rental	774,612,473	753,072,017
Aircraft repair and maintenance	347,532,104	291,358,589
Purchase of merchandises and equipment	12,758,861	46,075,628
Management fee expenses	3,572,964	3,702,332
Booking fee expenses	20,653,220	17,798,069
Pilot training expense	33,952,173	35,327,277
Brand license fee	60,853,901	48,831,467

**13.3) Management remunerations**

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

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2013 Baht</b>	<b>2012 Baht</b>
Salaries and other short-term benefits	12,960,175	10,811,731
Retirement benefits	1,879,470	580,891
	<u>14,839,645</u>	<u>11,392,622</u>

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

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

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

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2013 Baht</b>	<b>2012 Baht</b>
Passenger revenues received on behalf of the Company by other related parties	679,232,190	662,316,559
Cash received on behalf of other related parties	126,177,269	122,986,871
Expenses paid on behalf of the Company by other related parties	120,056,289	150,338,981
Advance payments on behalf of other related parties and parent company	47,753,619	47,067,617

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

**13.5) Amounts due from related parties**

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
	Other related parties	<u>203,214,309</u>

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2012: 6.00% per annum).

**13.6) Amounts due to related parties**

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
	Other related parties	<u>383,599,162</u>

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 (2012: 6.00% per annum).

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

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

**13.7) Other non-current assets**

	<b>Unaudited 31 March 2013 Baht</b>	<b>Audited 31 December 2012 Baht</b>
<b>Aircraft rental deposits</b>		
Other related party	519,796,926	543,255,174
<b>Fuel price swap deposits</b>		
Other related party	14,584,650	15,242,850

**14 Commitments**

For the three-month period ended 31 March 2013, there were no significant changes in commitments or contingent liabilities from the year ended 31 December 2012 (please see financial statements for the year ended 31 December 2012).

As at 31 March 2013, the Company 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 2012: 25 aircraft) and insurance agreements of the 28 aircraft (As at 31 December 2012: 27 aircraft) as follows:

	<b>Unaudited 31 March 2013</b>		<b>Audited 31 December 2012</b>	
	<b>Rental US Dollars</b>	<b>Insurance agreement US Dollars</b>	<b>Rental US Dollars</b>	<b>Insurance agreement US Dollars</b>
Within 1 year	104,040,000	208,698	104,040,000	834,791
Later than 1 year but not later than 5 years	416,160,000	-	416,160,000	-
Later than 5 years	390,014,466	-	415,725,041	-
<b>Total</b>	<b>910,214,466</b>	<b>208,698</b>	<b>935,925,041</b>	<b>834,791</b>

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**15 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:

	<b>Unaudited 31 March 2013 US Dollars</b>	<b>Audited 31 December 2012 US Dollars</b>
Unfavourable fuel price swap agreements	(474,484)	-

**16 Letters of guarantee**

The Company had commitments relating to guarantees issued by banks in respect of ground handling, technical support, and other flight operating activities in the ordinary course of business as follows:

	<b>Unaudited 31 March 2013</b>			<b>Audited 31 December 2012</b>		
	<b>Baht million</b>	<b>US Dollars million</b>	<b>India Rupee million</b>	<b>Baht million</b>	<b>US Dollars million</b>	<b>India Rupee million</b>
Guarantees relating to flight operating activities	5.75	0.12	31.20	5.60	0.45	30.83
Guarantees relating to maintenance reserve fund	-	1.80	-	-	-	-
<b>Total</b>	<b>5.75</b>	<b>1.92</b>	<b>31.20</b>	<b>5.60</b>	<b>0.45</b>	<b>30.83</b>

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

	<b>Unaudited 31 March 2013</b>		<b>Audited 31 December 2012</b>	
	<b>Baht million</b>	<b>India Rupee million</b>	<b>Baht million</b>	<b>India Rupee million</b>
Fixed-deposit accounts	65.19	31.50	8.93	31.13



**17 Promotional privileges**

On 13 March 2013, the Company received a certificate 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 Company must comply with the conditions and restrictions provided in the promotional certificates.

**18 Subsequent events**

On 24 April 2013, the Company accepted the delivery of one additional AIRBUS A320-200 aircraft. The expansion of the Company’s fleet is to support the launch of new routes and increase the frequency of flights on the Company’s existing routes. This aircraft is acquired under lease agreements for period of 12 years.