

**THAI AIRASIA COMPANY LIMITED**

**INTERIM FINANCIAL INFORMATION  
(UNAUDITED)**

**31 MARCH 2014**



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

To the Board of Directors of Thai AirAsia Company Limited

I have reviewed the accompanying statement of financial position as at 31 March 2014, 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", with a checkmark at the end.

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

Bangkok  
12 May 2014

**Thai AirAsia Company Limited**  
**Statement of Financial Position**  
**As at 31 March 2014**

	<b>Notes</b>	<b>Unaudited 31 March 2014 Baht</b>	<b>Audited 31 December 2013 Baht</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,654,799,337	1,956,554,421
Cash at financial institutions pledged as security		-	13,356,900
Short-term investments		2,770,999,109	3,448,628,170
Investments in private funds		1,042,619,371	1,032,551,182
Trade and other receivables, net	5	890,454,015	723,504,686
Amounts due from related parties	10.5	290,533,802	87,240,764
Inventories		70,866,130	68,967,914
Prepaid expenses		428,426,337	342,969,100
Value added tax receivable		127,690,242	78,686,650
Other current assets		47,698,921	40,131,847
<b>Total current assets</b>		<b>7,324,087,264</b>	<b>7,792,591,634</b>
<b>Non-current assets</b>			
Cash at financial institutions pledged as security		343,809,991	339,189,114
Long-term investments		1,283,823,600	1,310,548,600
Aircraft, leasehold improvements and equipment, net	6	12,095,567,549	10,835,933,219
Intangible assets, net	6	14,356,052	11,959,429
Other non-current assets		799,322,554	817,647,640
<b>Total non-current assets</b>		<b>14,536,879,746</b>	<b>13,315,278,002</b>
<b>Total assets</b>		<b>21,860,967,010</b>	<b>21,107,869,636</b>

The accompanying notes on pages 9 to 21 form part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 March 2014**

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		<b>Unaudited</b>	<b>Audited</b>
		<b>31 March</b>	<b>31 December</b>
		<b>2014</b>	<b>2013</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade accounts payable		263,778,539	152,951,492
Other accounts payable		141,037,242	124,132,639
Amounts due to related parties	10.6	435,021,095	506,830,215
Deferred revenues		4,004,567,976	4,299,163,449
Accrued expenses		1,148,315,329	1,390,023,204
Current portion of finance lease liabilities	7	672,441,996	615,065,684
Income tax payable		154,994,540	150,473,336
Other current liabilities		65,674,718	24,363,700
<b>Total current liabilities</b>		<b>6,885,831,435</b>	<b>7,263,003,719</b>
<b>Non-current liabilities</b>			
Finance lease liabilities	7	8,361,592,889	7,545,773,009
Deferred tax liabilities, net		370,483,430	309,747,735
Employee benefit obligations		142,056,339	132,997,460
<b>Total non-current liabilities</b>		<b>8,874,132,658</b>	<b>7,988,518,204</b>
<b>Total liabilities</b>		<b>15,759,964,093</b>	<b>15,251,521,923</b>

The accompanying notes on pages 9 to 21 form part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 March 2014**

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	<b>Unaudited 31 March 2014 Baht</b>	<b>Audited 31 December 2013 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>3,036,660,848</u>	<u>2,792,005,644</u>
<b>Total shareholders' equity</b>	<u>6,101,002,917</u>	<u>5,856,347,713</u>
<b>Total liabilities and shareholders' equity</b>	<u>21,860,967,010</u>	<u>21,107,869,636</u>

The accompanying notes on pages 9 to 21 form part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Comprehensive Income (Unaudited)**  
**For the three-month period ended 31 March 2014**

	<u>Notes</u>	<b>2014</b> <b>Baht</b>	<b>2013</b> <b>Baht</b>
Revenues		6,459,874,266	6,028,958,141
Operating costs		<u>(5,861,414,052)</u>	<u>(4,734,970,647)</u>
<b>Gross profit</b>		598,460,214	1,293,987,494
Net gain on exchange rates		-	388,707
Other income		<u>173,635,744</u>	<u>95,459,175</u>
<b>Profit before expenses</b>		772,095,958	1,389,835,376
Selling expenses		(218,551,671)	(281,988,052)
Administrative expenses		(171,420,553)	(146,283,277)
Net loss on exchange rates		<u>(16,575,689)</u>	<u>-</u>
<b>Profit before finance costs and income tax</b>		365,548,045	961,564,047
Finance costs		<u>(53,970,581)</u>	<u>(27,386,599)</u>
<b>Profit before income tax</b>		311,577,464	934,177,448
Income tax	8	<u>(66,922,260)</u>	<u>(195,218,143)</u>
<b>Net profit for the period</b>		<u>244,655,204</u>	<u>738,959,305</u>
<b>Total comprehensive income for the period</b>		<u><u>244,655,204</u></u>	<u><u>738,959,305</u></u>
<b>Earnings per share</b>			
Basic earnings per share	9	<u>5.62</u>	<u>16.97</u>

The accompanying notes on pages 9 to 21 form 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 2014**

	<b>Issued and paid-up share capital Baht</b>	<b>Premium on share capital Baht</b>	<b>Retained earnings Baht</b>	<b>Total Baht</b>
<b>Opening balance as at 1 January 2013</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>
<b>Opening balance as at 1 January 2014</b>	435,555,600	2,628,786,469	2,792,005,644	5,856,347,713
Total comprehensive income for the period	-	-	244,655,204	244,655,204
<b>Closing balance as at 31 March 2014</b>	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>3,036,660,848</u>	<u>6,101,002,917</u>

The accompanying notes on pages 9 to 21 form part of this interim financial information.

**Thai AirAsia Company Limited**  
**Statement of Cash Flows (Unaudited)**  
**For the three-month period ended 31 March 2014**

	<b>Note</b>	<b>2014 Baht</b>	<b>2013 Baht</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		311,577,464	934,177,448
Adjustments for:			
Depreciation	6	166,856,869	58,448,951
Amortisation	6	1,235,464	1,056,291
(Gain) loss on disposals of leasehold improvements and equipment		(213,899)	1,474,248
Employee benefit expenses		9,058,879	15,853,629
Amortisation of share-based payment		-	20,227,615
Net gain on exchange rates		(54,118,298)	(23,084,286)
Unrealised gain on fair value adjustment in investments in private funds		(10,068,189)	(5,595,743)
Finance costs		53,970,581	27,386,599
Interest income		(46,176,728)	(35,083,769)
		<u>432,122,143</u>	<u>994,860,983</u>
<b>Changes in operating assets and liabilities:</b>			
- Cash at financial institutions pledged as security		13,356,900	(55,881,491)
- Trade and other receivables		(179,083,338)	(151,027,130)
- Amounts due from related parties		(202,267,917)	7,913,384
- Inventories		(1,898,216)	4,175,776
- Prepaid expenses		(85,457,237)	(122,339,536)
- Value added tax receivable		(49,003,592)	99,289,077
- Other current assets		(7,567,074)	(8,061,902)
- Other non-current assets		18,325,086	5,636,736
- Trade accounts payable		110,827,047	6,613,239
- Other accounts payable		16,904,603	20,499,434
- Amounts due to related parties		(71,809,120)	(44,126,308)
- Deferred revenues		(294,595,473)	430,530,536
- Accrued expenses		(248,091,028)	132,635,406
- Other current liabilities		41,311,018	7,919,049
		<u>(506,926,198)</u>	<u>1,328,637,253</u>
Cash generated from (used in) operating activities		(506,926,198)	1,328,637,253
Income tax paid		(1,665,361)	(884,172)
Interest received		4,543,531	1,575,856
		<u>(504,048,028)</u>	<u>1,329,328,937</u>
Net cash generated from (used in) operating activities		<u>(504,048,028)</u>	<u>1,329,328,937</u>

The accompanying notes on pages 9 to 21 form 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 2014**

	<u>Note</u>	<u>2014</u> <u>Baht</u>	<u>2013</u> <u>Baht</u>
<b>Cash flows from investing activities</b>			
Payments for cash at financial institutions pledged as security		(4,620,877)	-
Net receipts (payments) from short-term investments		677,629,061	(557,051,537)
Payments for investments in private funds		-	(1,000,000,000)
Receipts from long-term investments		26,725,000	-
Proceeds from disposals of leasehold improvements and equipment		294,987	-
Payments for aircraft, leasehold improvements and equipment		(347,407,500)	(210,600,009)
Payments for intangible assets	6	(3,632,087)	(1,131,723)
Interest received		<u>52,625,855</u>	<u>16,508,398</u>
Net cash generated from (used in) investing activities		<u>401,614,439</u>	<u>(1,752,274,871)</u>
<b>Cash flows from financing activities</b>			
Repayments of finance lease		(135,022,530)	(53,099,607)
Interest paid		<u>(59,697,340)</u>	<u>(24,982,927)</u>
Net cash used in financing activities		<u>(194,719,870)</u>	<u>(78,082,534)</u>
<b>Net decrease in cash and cash equivalents</b>		(297,153,459)	(501,028,468)
Cash and cash equivalents at the beginning of the period		1,956,554,421	3,847,787,525
Exchange loss on cash and cash equivalents		<u>(4,601,625)</u>	<u>(16,797,855)</u>
<b>Cash and cash equivalents at the end of the period</b>		<u><u>1,654,799,337</u></u>	<u><u>3,329,961,202</u></u>

**Non-cash transactions**

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

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

The accompanying notes on pages 9 to 21 form 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 2014**

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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:

222, Don Mueang International Airport, 3<sup>rd</sup> floor, Central Office Building, Room no. 3200, Vibhavadee Rangsit Road, Sanam Bin district, Don Mueang, Bangkok, 10210.

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

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 “Amended and Restated Shareholders’ Agreement” between Asia Aviation Public Company Limited and AirAsia Investment Ltd., which own 55% and 45% of the Company’s shares, respectively.

This interim financial information was approved by the Board of Directors on 12 May 2014.

This interim financial information has been reviewed, not audited.

**2 Accounting policies**

**2.1) Basis of preparation**

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

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

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.

## **2 Accounting policies (Cont'd)**

### **2.1) Basis of preparation (Cont'd)**

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

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

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

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

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

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of cash flows
TAS 12 (revised 2012)	Income taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee benefits
TAS 21 (revised 2012)	The effects of changes in foreign exchange rates
TAS 24 (revised 2012)	Related party disclosures
TAS 28 (revised 2012)	Investments in associates
TAS 31 (revised 2012)	Interest in joint ventures
TAS 34 (revised 2012)	Interim financial reporting
TAS 36 (revised 2012)	Impairment of assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based payment
TFRS 3 (revised 2012)	Business combinations
TFRS 5 (revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (revised 2012)	Operating segments
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds

## **2 Accounting policies (Cont'd)**

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

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

TFRIC 7	Applying the restatement approach under TAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Website costs

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

## **3 Estimates**

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

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

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2014**

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**4 Segment information**

**Financial information by business segments**

	<b>For the three-month period ended 31 March 2014 (Unaudited)</b>		
	<b>Scheduled flight operations Baht</b>	<b>Charter flight operations Baht</b>	<b>Total Baht</b>
Revenues	6,271,555,995	188,318,271	6,459,874,266
Profit from operation	178,037,510	30,450,480	208,487,990
Other income			173,635,744
Net loss on exchange rates			(16,575,689)
Finance costs			(53,970,581)
Profit before income tax			311,577,464
Income tax			(66,922,260)
Net profit for the period			<u>244,655,204</u>
Total assets			21,860,967,010

	<b>For the three-month period ended 31 March 2013 (Unaudited)</b>		
	<b>Scheduled flight operations Baht</b>	<b>Charter flight operations Baht</b>	<b>Total Baht</b>
Revenues	5,752,349,907	276,608,234	6,028,958,141
Profit from operation	844,558,231	21,157,934	865,716,165
Net gain on exchange rates			388,707
Other income			95,459,175
Finance costs			(27,386,599)
Profit before income tax			934,177,448
Income tax			(195,218,143)
Net profit for the period			<u>738,959,305</u>
Total assets			13,296,010,215

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.

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2014**

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**4 Segment information (Cont'd)**

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

- Scheduled flight operations: The Company provides passenger air transportation services to routine destinations based on scheduled flights. The Company sells tickets through its distribution channels such as website, sale counters and travel agents etc.
- Charter flight operations: The Company provides passenger air transportation services to non-routine destinations. Flights are operated when there is a hiring from customers who normally are tourist agency companies.

Performance of each operating segment is measured by profit or loss from operation which is using the same basis that the Company measures its profit or loss from operation in the financial information. Net gain (loss) on exchange rates, other income, finance costs and income tax are not allocated to each reporting segment.

The Company's total assets are joint assets that are used among segments. Hence, they are not allocated to each reporting segment.

**5 Trade and other receivables, net**

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

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

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

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2014**

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**6 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 2014</b>		
Opening net book amount	10,835,933,219	11,959,429
Additions	1,426,572,287	3,632,087
Disposals, net	(81,088)	-
Depreciation/amortisation	(166,856,869)	(1,235,464)
Closing net book amount	<u>12,095,567,549</u>	<u>14,356,052</u>

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

**7 Finance lease liabilities**

Minimum lease payments under finance lease liabilities are as follows:

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

**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
**For the three-month period ended 31 March 2014**

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**7 Finance lease liabilities (Cont'd)**

The present value of finance lease liabilities is as follows:

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

On 6 February 2014, 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. The Company has a purchase option of the aircraft from the lessor at the end of the lease term.

**8 Income tax**

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2014 Baht</b>	<b>2013 Baht</b>
<b>Current tax:</b>		
Current tax on profit for the period	6,186,566	176,890,437
Total current tax	<u>6,186,566</u>	<u>176,890,437</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences:		
- Deferred tax assets	(79,902,441)	(136,048,685)
- Deferred tax liabilities	140,638,135	154,376,391
Total deferred tax	<u>60,735,694</u>	<u>18,327,706</u>
<b>Total income tax</b>	<u>66,922,260</u>	<u>195,218,143</u>



**Thai AirAsia Company Limited**  
**Condensed Notes to Interim Financial Information (Unaudited)**  
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**9 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>2014</b>	<b>2013</b>
Net profit for the period (Baht)	244,655,204	738,959,305
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560
Basic earnings per share (Baht per share)	5.62	16.97

**10 Related party transactions**

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

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

On 31 March 2014, the Company are controlled by Asia Aviation Public Company Limited which owns 55% of the shares of the Company (31 December 2013: 55%).

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

The following significant transactions were carried out with related parties:

**10.1) Income**

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
<b>Interest income</b>		
Other related parties	1,141,352	542,029

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

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

**10.2) Purchases of goods, services and expenses**

	<b>For the three-month periods ended 31 March (Unaudited)</b>	
	<b>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
<b>Other related parties</b>		
Share of gain from fuel price swap agreements	(7,870,395)	-
Share of staff costs for accounting services	4,781,552	(12,096,900)
Aircraft rental	935,359,716	774,612,473
Aircraft repair and maintenance	394,881,945	347,532,104
Purchases of merchandises and equipment	38,749,862	12,758,861
Management fee expenses	3,911,912	3,572,964
Booking fee expenses	27,204,332	20,653,220
Pilot training expenses	29,035,655	33,952,173
Brand license fee expenses	65,846,361	60,853,901
<b>Parent company</b>		
Management fee expenses	6,250,000	-

**10.3) 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>2014</b>	<b>2013</b>
	<b>Baht</b>	<b>Baht</b>
Salaries and other short-term employee benefits	33,864,178	12,960,175
Retirement benefits	1,252,552	1,879,470
	<u>35,116,730</u>	<u>14,839,645</u>

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

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

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

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

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

**10.5) Amounts due from related parties**

	<b>Unaudited 31 March 2014 Baht</b>	<b>Audited 31 December 2013 Baht</b>
Other related parties	<u>290,533,802</u>	<u>87,240,764</u>

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

**10.6) Amounts due to related parties**

	<b>Unaudited 31 March 2014 Baht</b>	<b>Audited 31 December 2013 Baht</b>
Other related parties	428,771,095	506,830,215
Parent Company	6,250,000	-
	<u>435,021,095</u>	<u>506,830,215</u>

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

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

**10.7) Other non-current assets**

	<b>Unaudited 31 March 2014 Baht</b>	<b>Audited 31 December 2013 Baht</b>
<b>Aircraft rental deposits</b>		
Other related party	<u>619,099,670</u>	<u>605,152,224</u>
<b>Fuel price swap deposit</b>		
Other related party	<u>16,152,500</u>	<u>16,338,900</u>

**11 Commitments**

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

As at 31 March 2014, 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 for 28 aircraft (as at 31 December 2013: 27 aircraft) and insurance agreements for 37 aircraft (as at 31 December 2013: 35 aircraft) as follows:

	<b>Unaudited 31 March 2014</b>		<b>Audited 31 December 2013</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	115,260,000	223,398	111,480,000	893,590
Later than 1 year but not later than 5 years	461,040,000	-	445,920,000	-
Later than 5 years	360,200,712	-	362,093,589	-
Total	<u>936,500,712</u>	<u>223,398</u>	<u>919,493,589</u>	<u>893,590</u>

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**12 Net fair value of financial instruments**

**Fuel price swap agreements**

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>US Dollars</b>	<b>US Dollars</b>
Favourable fuel price swap agreements	<u>30,964</u>	<u>309,928</u>

**13 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 including maintenance reserve fund in the ordinary course of business as follows:

	<b>Unaudited</b>			<b>Audited</b>		
	<b>31 March 2014</b>			<b>31 December 2013</b>		
	<b>Baht</b>	<b>US</b>	<b>Indian</b>	<b>Baht</b>	<b>US</b>	<b>Indian</b>
	<b>million</b>	<b>Dollars</b>	<b>Rupee</b>	<b>million</b>	<b>Dollars</b>	<b>Rupee</b>
	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>
Guarantees relating to flight operating activities	6.75	0.09	12.38	6.75	0.09	3.38
Guarantees relating to maintenance reserve fund	-	9.59	-	-	9.59	-
<b>Total</b>	<u>6.75</u>	<u>9.68</u>	<u>12.38</u>	<u>6.75</u>	<u>9.68</u>	<u>3.38</u>

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

	<b>Unaudited</b>		<b>Audited</b>	
	<b>31 March 2014</b>		<b>31 December 2013</b>	
	<b>Baht</b>	<b>Indian Rupee</b>	<b>Baht</b>	<b>Indian Rupee</b>
	<b>million</b>	<b>million</b>	<b>million</b>	<b>million</b>
Fixed-deposit accounts	<u>337.37</u>	<u>12.68</u>	<u>337.37</u>	<u>3.68</u>

#### **14 Promotional privileges**

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

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