

THAI AIRASIA COMPANY LIMITED

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 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 statements of financial position as at 30 June 2014, the related statements of comprehensive income for the three-month and six-month periods then ended, changes in shareholders' equity and cash flows for the six-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 "Chan Chai Prasit", is written over a light blue horizontal line.

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

Bangkok
8 August 2014

Thai AirAsia Company Limited
Statement of Financial Position
As at 30 June 2014

		Unaudited	Audited
		30 June	31 December
		2014	2013
	Notes	Baht	Baht
Assets			
Current assets			
Cash and cash equivalents		2,196,356,000	1,956,554,421
Cash at financial institutions pledged as security		-	13,356,900
Short-term investments		2,732,892,718	3,448,628,170
Investments in private funds		60,143,179	1,032,551,182
Trade and other receivables, net	5	711,954,369	723,504,686
Amounts due from related parties	10.5	403,001,888	87,240,764
Inventories		71,089,197	68,967,914
Prepaid expenses		350,247,166	342,969,100
Value added tax receivable		130,147,570	78,686,650
Other current assets		46,943,927	40,131,847
Total current assets		6,702,776,014	7,792,591,634
Non-current assets			
Cash at financial institutions pledged as security		177,395,890	339,189,114
Long-term investments		1,284,123,600	1,310,548,600
Aircraft, leasehold improvements and equipment, net	6	11,919,002,160	10,835,933,219
Intangible assets, net	6	13,924,350	11,959,429
Other non-current assets		791,247,414	817,647,640
Total non-current assets		14,185,693,414	13,315,278,002
Total assets		20,888,469,428	21,107,869,636

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2014

		Unaudited	Audited
		30 June	31 December
		2014	2013
	<u>Notes</u>	<u>Baht</u>	<u>Baht</u>
Liabilities and shareholders' equity			
Current liabilities			
Trade accounts payable		166,905,500	152,951,492
Other accounts payable		132,115,225	124,132,639
Amounts due to related parties	10.6	451,679,058	506,830,215
Deferred revenues		3,821,544,565	4,299,163,449
Accrued expenses		1,193,562,165	1,390,023,204
Current portion of finance lease liabilities	7	695,327,454	615,065,684
Income tax payable		-	150,473,336
Other current liabilities		25,881,290	24,363,700
Total current liabilities		<u>6,487,015,257</u>	<u>7,263,003,719</u>
Non-current liabilities			
Finance lease liabilities	7	8,155,122,421	7,545,773,009
Deferred tax liabilities, net		311,823,498	309,747,735
Employee benefit obligations		151,115,280	132,997,460
Total non-current liabilities		<u>8,618,061,199</u>	<u>7,988,518,204</u>
Total liabilities		<u>15,105,076,456</u>	<u>15,251,521,923</u>

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2014

	Unaudited	Audited
	30 June	31 December
	2014	2013
	Baht	Baht
Liabilities and shareholders' equity (Cont'd)		
Shareholders' equity		
Share capital		
Authorised share capital		
Ordinary shares, 43,555,560 shares of par Baht 10 each	435,555,600	435,555,600
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	2,719,050,903	2,792,005,644
Total shareholders' equity	5,783,392,972	5,856,347,713
Total liabilities and shareholders' equity	20,888,469,428	21,107,869,636

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Statement of Comprehensive Income (Unaudited)
For the three-month period ended 30 June 2014

	<u>Notes</u>	<u>2014</u> <u>Baht</u>	<u>2013</u> <u>Baht</u>
Revenues		5,460,934,461	5,359,788,795
Operating costs		<u>(5,579,342,362)</u>	<u>(4,626,573,353)</u>
Gross profit (loss)		(118,407,901)	733,215,442
Net gain on exchange rates		40,504,831	131,897,624
Other income		<u>208,860,860</u>	<u>142,035,992</u>
Profit before expenses		130,957,790	1,007,149,058
Selling expenses		(292,055,274)	(195,145,152)
Administrative expenses		<u>(191,710,626)</u>	<u>(126,058,828)</u>
Profit (loss) before finance costs and income tax		(352,808,110)	685,945,078
Finance costs		<u>(64,569,277)</u>	<u>(36,181,954)</u>
Profit (loss) before income tax		(417,377,387)	649,763,124
Income tax	8	<u>99,767,442</u>	<u>(151,061,653)</u>
Net profit (loss) for the period		<u>(317,609,945)</u>	<u>498,701,471</u>
Total comprehensive income (expense) for the period		<u><u>(317,609,945)</u></u>	<u><u>498,701,471</u></u>
Earnings (loss) per share			
Basic earnings (loss) per share	9	<u><u>(7.29)</u></u>	<u><u>11.45</u></u>

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Statement of Comprehensive Income (Unaudited) (Cont'd)
For the six-month period ended 30 June 2014

	<u>Notes</u>	<u>2014</u> <u>Baht</u>	<u>2013</u> <u>Baht</u>
Revenues		11,920,808,727	11,388,746,936
Operating costs		<u>(11,440,756,414)</u>	<u>(9,361,544,000)</u>
Gross profit		480,052,313	2,027,202,936
Net gain on exchange rates		23,929,142	132,286,331
Other income		<u>382,496,604</u>	<u>237,495,167</u>
Profit before expenses		886,478,059	2,396,984,434
Selling expenses		(510,606,945)	(477,133,204)
Administrative expenses		<u>(363,131,179)</u>	<u>(272,342,105)</u>
Profit before finance costs and income tax		12,739,935	1,647,509,125
Finance costs		<u>(118,539,858)</u>	<u>(63,568,553)</u>
Profit (loss) before income tax		(105,799,923)	1,583,940,572
Income tax	8	<u>32,845,182</u>	<u>(346,279,796)</u>
Net profit (loss) for the period		<u>(72,954,741)</u>	<u>1,237,660,776</u>
Total comprehensive income (expense) for the period		<u><u>(72,954,741)</u></u>	<u><u>1,237,660,776</u></u>
Earnings (loss) per share			
Basic earnings (loss) per share	9	<u><u>(1.67)</u></u>	<u><u>28.42</u></u>

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Statement of Changes in Shareholders' Equity (Unaudited)
For the six-month period ended 30 June 2014

	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings Baht	Total Baht
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
Opening balance as at 1 January 2013	435,555,600	2,628,786,469	831,593,359	3,895,935,428
Total comprehensive income for the period	-	-	1,237,660,776	1,237,660,776
Closing balance as at 30 June 2013	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>2,069,254,135</u>	<u>5,133,596,204</u>
Opening balance as at 1 January 2014	435,555,600	2,628,786,469	2,792,005,644	5,856,347,713
Total comprehensive expense for the period	-	-	(72,954,741)	(72,954,741)
Closing balance as at 30 June 2014	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>2,719,050,903</u>	<u>5,783,392,972</u>

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Statement of Cash Flows (Unaudited)
For the six-month period ended 30 June 2014

	Note	2014 Baht	2013 Baht
Cash flows from operating activities			
Profit (loss) before income tax		(105,799,923)	1,583,940,572
Adjustments for:			
Depreciation	6	343,472,702	141,496,777
Amortisation	6	2,654,021	2,172,833
(Gain) loss on disposals of leasehold improvements and equipment		(276,139)	1,080,923
Employee benefit expenses		18,117,820	23,378,737
Amortisation of share-based payment		-	33,712,692
Net gain on exchange rates		(42,129,739)	(132,929,469)
Gain on disposals of investments in private funds		(8,606,042)	-
Unrealised gain on fair value adjustment in investments in private funds		(4,269,011)	(12,606,022)
Finance costs		118,539,858	63,568,553
Interest income		(90,141,257)	(76,329,456)
		<u>231,562,290</u>	<u>1,627,486,140</u>
Changes in operating assets and liabilities:			
- Cash at financial institutions pledged as security		13,356,900	(55,094,670)
- Trade and other receivables		22,968,355	(267,012,981)
- Amounts due from related parties		(313,518,304)	55,189,983
- Inventories		(2,121,283)	296,595
- Prepaid expenses		(7,278,066)	(76,179,585)
- Value added tax receivable		(51,460,920)	78,616,463
- Other current assets		(6,812,080)	(8,662,164)
- Other non-current assets		26,400,226	(37,680,354)
- Trade accounts payable		13,954,008	9,116,099
- Other accounts payable		7,982,586	6,068,556
- Amounts due to related parties		(55,151,157)	(173,830,527)
- Deferred revenues		(477,618,884)	352,418,353
- Accrued expenses		(196,461,039)	343,938,318
- Other current liabilities		<u>1,517,590</u>	<u>4,883,816</u>
Cash generated from (used in) operating activities		(792,679,778)	1,859,554,042
Income tax paid		(121,337,624)	(61,399,571)
Interest received		<u>13,163,192</u>	<u>19,150,973</u>
Net cash generated from (used in) operating activities		<u>(900,854,210)</u>	<u>1,817,305,444</u>

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Statement of Cash Flows (Unaudited) (Cont'd)
For the six-month period ended 30 June 2014

	Note	2014 Baht	2013 Baht
Cash flows from investing activities			
Decrease in cash at financial institutions pledged as security		161,793,224	-
Decrease (increase) in short-term investments		715,735,452	(1,567,556,116)
Decrease (increase) in investments in private funds		985,283,056	(1,000,000,000)
Decrease in long-term investments		26,425,000	-
Proceeds from disposals of leasehold improvements and equipment		357,230	408,145
Payments for aircraft, leasehold improvements and equipment		(372,438,428)	(469,652,753)
Payments for intangible assets	6	(4,618,942)	(1,764,251)
Interest received		63,201,673	40,440,435
Net cash generated from (used in) investing activities		<u>1,575,738,265</u>	<u>(2,998,124,540)</u>
Cash flows from financing activities			
Repayments of finance leases		(293,565,786)	(112,959,080)
Interest paid		(128,263,477)	(62,143,325)
Net cash used in financing activities		<u>(421,829,263)</u>	<u>(175,102,405)</u>
Net increase (decrease) in cash and cash equivalents		253,054,792	(1,355,921,501)
Cash and cash equivalents at the beginning of the period		1,956,554,421	3,847,787,525
Exchange gain (loss) on cash and cash equivalents		(13,253,213)	144,332,761
Cash and cash equivalents at the end of the period		<u><u>2,196,356,000</u></u>	<u><u>2,636,198,785</u></u>

Non-cash transactions

Significant non-cash transactions during the periods ended 30 June 2014 and 2013 are as follows:

Purchase of aircraft spare parts which have not been paid	616,306	18,505,391
Purchase of aircraft under finance lease agreement	1,051,990,107	2,026,097,151

The accompanying notes on pages 10 to 26 form part of this interim financial information.

Thai AirAsia Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2014

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, 3rd 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 8 August 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, “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 six-month period ended 30 June 2014

4 Segment information

Financial information by business segments

	For the three-month period ended 30 June 2014 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues	5,264,276,589	196,657,872	5,460,934,461
Loss from operation	(592,924,700)	(9,249,101)	(602,173,801)
Net gain on exchange rates			40,504,831
Other income			208,860,860
Finance costs			(64,569,277)
Loss before income tax			(417,377,387)
Income tax			99,767,442
Net loss for the period			(317,609,945)
Total assets			20,888,469,428
	For the three-month period ended 30 June 2013 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues	5,090,234,461	269,554,334	5,359,788,795
Profit (loss) from operation	418,838,487	(6,827,025)	412,011,462
Net gain on exchange rates			131,897,624
Other income			142,035,992
Finance costs			(36,181,954)
Profit before income tax			649,763,124
Income tax			(151,061,653)
Net profit for the period			498,701,471
Total assets			14,893,917,018

Thai AirAsia Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2014

4 Segment information (Cont'd)

Financial information by business segments (Cont'd)

	For the six-month period ended 30 June 2014 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues	11,535,832,584	384,976,143	11,920,808,727
Profit (loss) from operation	(414,887,190)	21,201,379	(393,685,811)
Net gain on exchange rates			23,929,142
Other income			382,496,604
Finance costs			(118,539,858)
Loss before income tax			(105,799,923)
Income tax			32,845,182
Net loss for the period			(72,954,741)
Total assets			20,888,469,428

	For the six-month period ended 30 June 2013 (Unaudited)		
	Scheduled flight operations Baht	Charter flight operations Baht	Total Baht
Revenues	10,842,584,368	546,162,568	11,388,746,936
Profit from operation	1,263,396,718	14,330,909	1,277,727,627
Net gain on exchange rates			132,286,331
Other income			237,495,167
Finance costs			(63,568,553)
Profit before income tax			1,583,940,572
Income tax			(346,279,796)
Net profit for the period			1,237,660,776
Total assets			14,893,917,018

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 six-month period ended 30 June 2014

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

	Unaudited 30 June 2014 Baht	Audited 31 December 2013 Baht
Trade accounts receivable	259,175,515	317,179,582
<u>Less</u> Allowance for doubtful account	-	(2,220,250)
Trade accounts receivable, net	259,175,515	314,959,332
Accrued income	419,308,539	392,443,008
Other receivables	33,470,315	16,102,346
Total trade and other receivables, net	<u>711,954,369</u>	<u>723,504,686</u>

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

	Unaudited 30 June 2014 Baht	Audited 31 December 2013 Baht
Up to 3 months	204,822,899	269,321,178
3 - 6 months	9,224,644	3,902,087
6 - 12 months	21,634,111	34,573,329
Over 12 months	23,493,861	9,382,988
Total trade accounts receivable	259,175,515	317,179,582
<u>Less</u> Allowance for doubtful account	-	(2,220,250)
Total trade accounts receivable, net	<u>259,175,515</u>	<u>314,959,332</u>

Thai AirAsia Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2014

6 Aircraft, leasehold improvements, equipment and intangible assets, net

	Unaudited Aircraft, leasehold improvements and equipment Baht	Unaudited Intangible assets Baht
For the six-month period ended 30 June 2014		
Opening net book amount	10,835,933,219	11,959,429
Additions	1,426,622,734	4,618,942
Disposals, net	(81,091)	-
Depreciation/amortisation	(343,472,702)	(2,654,021)
Closing net book amount	<u>11,919,002,160</u>	<u>13,924,350</u>

Significant additions in financial information for the six-month period ended 30 June 2014 are aircraft acquired under finance lease and related spare parts of Baht 1,377.82 million.

7 Finance lease liabilities

Minimum lease payments under finance lease liabilities are as follows:

	Unaudited 30 June 2014 Baht	Audited 31 December 2013 Baht
Within 1 year	942,912,111	840,034,332
Later than 1 year but not later than 5 years	3,764,511,374	3,733,718,639
Later than 5 years	5,655,580,618	5,006,647,324
<u>Less</u> Future finance charges on finance leases	<u>(1,512,554,228)</u>	<u>(1,419,561,602)</u>
	<u>8,850,449,875</u>	<u>8,160,838,693</u>
Representing lease liabilities:		
- Current portion	695,327,454	615,065,684
- Non-current portion	8,155,122,421	7,545,773,009
	<u>8,850,449,875</u>	<u>8,160,838,693</u>

Thai AirAsia Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2014

7 Finance lease liabilities (Cont'd)

The present value of finance lease liabilities is as follows:

	Unaudited 30 June 2014 Baht	Audited 31 December 2013 Baht
Within 1 year	926,643,019	825,903,954
Later than 1 year but not later than 5 years	3,430,196,066	3,417,297,611
Later than 5 years	4,493,610,790	3,917,637,128
	<u>8,850,449,875</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

	For the three-month periods ended 30 June (Unaudited)	
	2014 Baht	2013 Baht
Current tax:		
Current tax on profit (loss) for the period	(41,107,510)	120,373,110
Total current tax	<u>(41,107,510)</u>	<u>120,373,110</u>
Deferred tax:		
Origination and reversal of temporary differences:		
- Deferred tax assets	(61,999,644)	(118,582,773)
- Deferred tax liabilities	3,339,712	149,271,316
Total deferred tax	<u>(58,659,932)</u>	<u>30,688,543</u>
Total income tax	<u>(99,767,442)</u>	<u>151,061,653</u>

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8 Income tax (Cont'd)

	For the six-month periods ended 30 June (Unaudited)	
	2014	2013
	Baht	Baht
Current tax:		
Current tax on profit (loss) for the period	(34,920,944)	297,263,547
Total current tax	(34,920,944)	297,263,547
Deferred tax:		
Origination and reversal of temporary differences:		
- Deferred tax assets	(141,902,085)	(254,631,458)
- Deferred tax liabilities	143,977,847	303,647,707
Total deferred tax	2,075,762	49,016,249
Total income tax	(32,845,182)	346,279,796

9 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 period.

	For the three-month periods ended 30 June (Unaudited)	
	2014	2013
Net profit (loss) for the period (Baht)	(317,609,945)	498,701,471
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560
Basic earnings (loss) per share (Baht per share)	(7.29)	11.45
	For the six-month periods ended 30 June (Unaudited)	
	2014	2013
Net profit (loss) for the period (Baht)	(72,954,741)	1,237,660,776
Weighted average number of paid-up ordinary shares outstanding (Shares)	43,555,560	43,555,560
Basic earnings (loss) per share (Baht per share)	(1.67)	28.42

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 30 June 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

	For the three-month periods ended 30 June (Unaudited)	
	2014	2013
	Baht	Baht
Interest income		
Other related party	1,217,004	699,055
	<u>1,217,004</u>	<u>699,055</u>
	For the six-month periods ended 30 June (Unaudited)	
	2014	2013
	Baht	Baht
Interest income		
Other related party	2,358,356	1,241,084
	<u>2,358,356</u>	<u>1,241,084</u>

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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

	For the three-month periods ended 30 June (Unaudited)	
	2014 Baht	2013 Baht
Other related parties		
Share of (gain) loss from fuel price swap agreements	(14,186,795)	50,306,698
Share of staff costs for accounting services	7,417,900	(6,004,263)
Aircraft rental	939,507,312	789,143,400
Aircraft repair and maintenance	383,011,245	349,150,017
Purchases of merchandises and equipment	29,952,325	47,233,291
Management fee expenses	3,918,852	3,640,800
Booking fee expenses	23,819,548	19,867,479
Pilot training expenses	8,898,612	21,162,970
Brand license fee expenses	56,974,597	53,087,690
Parent company		
Management fee expenses	6,250,000	-
	For the six-month periods ended 30 June (Unaudited)	
	2014 Baht	2013 Baht
Other related parties		
Share of (gain) loss from fuel price swap agreements	(22,057,190)	50,306,698
Share of staff costs for accounting services	12,199,452	(18,101,163)
Aircraft rental	1,874,867,028	1,563,755,873
Aircraft repair and maintenance	777,893,190	696,682,121
Purchases of merchandises and equipment	68,702,187	59,992,153
Management fee expenses	7,830,764	7,213,764
Booking fee expenses	51,023,880	40,520,699
Pilot training expenses	37,934,267	55,115,142
Brand license fee expenses	122,820,958	113,941,591
Parent company		
Management fee expenses	12,500,000	-

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10 Related party transactions (Cont'd)

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

10.3) Management remunerations

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

	For the three-month periods ended 30 June (Unaudited)	
	2014	2013
	Baht	Baht
Salaries and other short-term employee benefits	18,114,275	12,787,258
Retirement benefits	1,252,550	1,262,774
	<u>19,366,825</u>	<u>14,050,032</u>
	For the six-month periods ended 30 June (Unaudited)	
	2014	2013
	Baht	Baht
Salaries and other short-term employee benefits	51,978,453	25,747,433
Retirement benefits	2,505,102	3,142,244
	<u>54,483,555</u>	<u>28,889,677</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

	For the three-month periods ended 30 June (Unaudited)	
	2014 Baht	2013 Baht
Passenger revenues received on behalf of the Company by other related parties	692,631,477	770,000,854
Cash received on behalf of other related parties	257,235,744	149,605,609
Expenses paid on behalf of the Company by other related parties	110,679,775	60,642,192
Advance payments on behalf of other related parties	220,401,796	59,689,617
	For the six-month periods ended 30 June (Unaudited)	
	2014 Baht	2013 Baht
Passenger revenues received on behalf of the Company by other related parties	1,333,055,608	1,449,233,044
Cash received on behalf of other related parties	488,423,021	275,782,879
Expenses paid on behalf of the Company by other related parties	200,314,881	180,698,481
Advance payments on behalf of other related parties	351,917,392	107,443,236

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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:

10.5) Amounts due from related parties

	Unaudited 30 June 2014 Baht	Audited 31 December 2013 Baht
Other related parties	403,001,888	87,240,764

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

	Unaudited 30 June 2014 Baht	Audited 31 December 2013 Baht
Other related parties	445,429,058	506,830,215
Parent company	6,250,000	-
	<u>451,679,058</u>	<u>506,830,215</u>

10.7) Other non-current assets

	Unaudited 30 June 2014 Baht	Audited 31 December 2013 Baht
Aircraft rental deposits		
Other related party	620,195,754	605,152,224
Fuel price swap deposit		
Other related party	16,155,700	16,338,900

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11 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:

	Unaudited 30 June 2014 US Dollars	Audited 31 December 2013 US Dollars
Favourable fuel price swap agreements	<u>2,370,212</u>	<u>309,928</u>

12 Commitments

For the six-month period ended 30 June 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 30 June 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:

	Unaudited 30 June 2014		Audited 31 December 2013	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	115,260,000	883,494	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	332,534,795	-	362,093,589	-
Total	<u>908,834,795</u>	<u>883,494</u>	<u>919,493,589</u>	<u>893,590</u>

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13 Guarantees

As at 30 June 2014, there was a commitment related to guarantees issued by bank in respect of pilot trainees' loans in accordance with its professional pilot courses amounting to Baht 99.29 million (as at 31 December 2013: Baht 34.75 million). Normally, a guarantee is terminated when the pilot trainee earns a commercial pilot's license and is assigned as a co-pilot or when the pilot trainee settles all outstanding debts with the bank. However, the Company can fully reclaim the stated liabilities from the pilot trainees' guarantors, who have pledged guarantees with the Company.

14 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:

	Unaudited			Audited		
	30 June 2014			31 December 2013		
	Baht million	US Dollars million	Indian Rupee million	Baht million	US Dollars million	Indian Rupee million
Guarantees relating to flight operating activities	7.75	0.09	12.38	6.75	0.09	3.38
Guarantees relating to maintenance reserve fund	-	9.59	-	-	9.59	-
Total	7.75	9.68	12.38	6.75	9.68	3.38

The Company also used its saving and current accounts as collateral for these letters of guarantee as follows:

	Unaudited		Audited	
	30 June 2014		31 December 2013	
	Baht million	Indian Rupee million	Baht million	Indian Rupee million
Saving account	171.01	-	337.37	-
Current account	-	12.68	-	3.68
Total	171.01	12.68	337.37	3.68

15 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 30 June 2014, the Company had received 9 aircraft under such certificate of promotional privileges from the BOI (as at 31 December 2013: 7 aircraft).

16 Subsequent events

On 11 July 2014 and 13 July 2014, the Company accepted the delivery of two 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 the period of 12 years.