



Management Discussions and Analysis

Financial performance summary of Asia Aviation Public Company Limited and subsidiary

In 2Q12, total revenue increased 86.4% from the same quarter last year. The Company has total revenue of Baht 3,572.2 million, based on the fully consolidation method since the effective date (4 May 2012) as compared to Baht 1,916.4 million under the 51% proportionate consolidation basis. From the fully consolidation basis, there was profit attributable to owners of the parent of Baht 14,816.5 million in 2Q12 as compared to Baht 163.9 million in the same quarter last year. AAV realized the gain on fair value of previously held equity interests of Baht 14,690 million in accordance with TFRS 3: Business Combination.

Background

Asia Aviation Public Company Limited ("the Company" or "AAV") is a major shareholder of Thai AirAsia Company Limited who is an airline operator of Thai AirAsia, in which the Company currently holds 55% in Thai AirAsia. Prior to the effective date on 4 May 2012, the Company, having a 51% stake then and the rest 49% by Air Asia Investment, was treating Thai AirAsia as a joint venture. After the effective date when an official change of control was triggered, the Company treated Thai AirAsia as a subsidiary instead of a joint venture, having fully consolidating Thai AirAsia's financial statements instead of the proportionate basis. From its listing on **31 May 2012**, the Company has increased its holding from 51% to 55%, diluting Air Asia Investment from 49% to 45%.

Consequently, AAV's financial statements ended 30 Jun 2012 are on the fully consolidated basis as compared to the financial statements ended 30 Jun 2011 on the proportionate basis. For the purpose of this management discussion and analysis, the Company will explain the effects resulting from the consolidation at AAV's level but will not show the comparison analysis on a YoY basis as the basis of preparing the financial statements is different and not comparable. Nonetheless, it will further discuss the results of operations in details at Thai AirAsia level for analysis based on the same comparable basis.

Accounting for the full consolidation and its effects

TFRS 3 Business Combinations applies when the acquirer (AAV) obtains control over another entity, the acquiree (TAA).

Transaction 1: Measurement of fair value

Realize the difference between fair value of the equity holding and equity value originally held before the control has changed of TAA at 51% holding

A. Fair value of TAA's equity interest held by AAV (51% holding) Baht 15,170.0 million

→ TAA's total shares x AAV's stake in TAA x TAA price per share*

→ (40,000,000 shares) x (51%) x (Baht 743.63)*

* TAA price per share = $\frac{[\text{AAV's total shares} \times \text{AAV IPO price}]}{\text{TAA's total shares}}$

AAV's stake in TAA

$= \frac{[(4,100,000,000 \text{ shares}) \times (\text{Baht } 3.7)]}{(51\%)}$

(51%)

B. Equity value of TAA under 51% proportionate basis by AAV Baht 480.0 million

→ [TAA's equity as at 30 April 2012* x AAV's stake in TAA] + Goodwill (original) + Equity adjustment**

→ [(Baht 349.7 million) x (51%)] + (Baht 286.2 million) + (Baht 15.5 million)

* TAA's equity as at 30 April 2012 = equity as at 31 March 2012 + April 2012 profit (nearest accounting period date to effective date)

** Equity adjustment = effect of change in proportion of investment in a joint venture as at 31 March 2012 (item in the statements of financial position)

C. Gain from equity interest Baht 14,690.0 million

→ (A) - (B) = (C)

→ (Baht 15,170.0 million) - (Baht 480.0 million)



Effect:

- recorded gain from equity interest in statement of comprehensive income
- reversed original goodwill and effect of change in proportion of investment in a joint venture from the statements of cash position

Transaction 2: Measurement of goodwill

Recognize the excess of 100% fair value in TAA at consolidation (including non-controlling interest) and 100% identifiable net assets (including appraised intangible asset)

(D) Fair value with non-controlling interest – (E) identifiable net assets = (F) goodwill

D. Fair value with non-controlling interest **Baht 22,620.8 million**

→ Fair value of TAA's equity interest held by AAV (51% holding) + Non-controlling interest (49%)

→ Baht 15,170.0 million (refer to A) + [(refer to E) x (49%)]

E. Identifiable net assets **Baht 15,205.7 million**

→ TAA's equity as at 30 April 2012 (refer to B) + Appraised intangible asset*

→ (Baht 349.7 million) + (Baht 14,856.0 million*)

* Valuation of intangible asset using income approach by KPMG

F. Goodwill **Baht 7,415.1 million**

→ (D) - (E) = (F)

→ (Baht 22,620.8 million) - (Baht 15,205.7 million)

Effect:

- recorded goodwill, intangible asset and non-controlling interest in the statements of financial position
- recognize an impairment loss on goodwill and/or intangible assets if such assets are subsequently impaired

Statements of comprehensive income

Three months ended 30 June 2012 compared to three months ended 30 June 2011

Unit: millions

Asia Aviation Public Company Limited	For THREE-MONTH ended 30 June		
	Consolidated	Proportionate consolidated	Change
	2012	2011	%
Revenues	3,572.2	1,916.4	+86.4%
Operating costs	(3,418.4)	(1,714.6)	+99.4%
Gross profit	153.8	201.8	-23.8%
Net gain on exchange rates	43.0	34.0	+26.5%
Gain on fair value of equity interests	14,690.0	-	+100.0%
Other income	100.1	53.7	+86.3%
Profit before expenses	14,986.9	289.5	+5076.2%
Selling expenses	(30.3)	(40.6)	-25.2%
Administrative expenses	(108.9)	(44.8)	+142.9%
Profit before finance costs and income tax	14,847.7	204.2	+7172.5%
Finance costs	(0.1)	(40.2)	-99.7%
Income tax	(48.3)	-	+100.0%
Net profit for the period	14,799.2	163.9	+8,928.6%
Profit attributable to:			
Owners of the parent	14,816.5	163.9	
Non-controlling interests	(17.3)	-	
	14,799.2	163.9	

For 2Q12, revenue increased to Baht 3,572.2 million based on the fully consolidation method since the effective date (4 May 2012) as compared to Baht 1,916.4 million under the 51% proportionate consolidation basis. Under the TFRS 3 Business Combination, AAV has recorded the gain on the fair value of equity interest for the amount of Baht 14,690.0 million, resulting in net profit for 2Q12 of Baht 14,799.2 million as compared to Baht 163.9 million in the same period of last year. From the fully consolidation basis, there was profit attributable to owners of the parent and non-controlling interests of Baht 14,816.5 million and Baht (17.3) million respectively.

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Unit: millions Asia Aviation Public Company Limited	For SIX-MONTH ended 30 June		
	Consolidated	Proportionate consolidated	Change
	2012	2011	%
Revenues	6,054.9	3,996.5	+51.5%
Operating costs	(5,474.1)	(3,322.5)	+64.8%
Gross profit	580.8	674.0	-13.8%
Net gain on exchange rates	44.7	52.0	-14.0%
Gain on fair value of equity interests	14,690.0	-	+100.0%
Other income	149.2	132.9	+12.2%
Profit before expenses	15,464.7	858.9	+1700.4%
Selling expenses	(131.0)	(87.0)	+50.5%
Administrative expenses	(166.6)	(84.6)	+96.9%
Profit before finance costs and income tax	15,167.2	687.3	+2106.7%
Finance costs	(3.2)	(77.8)	-95.9%
Income tax	(48.3)	-	+100.0%
Net profit for the period	15,115.7	609.5	+2380.0%
Profit attributable to:			
Owners of the parent	15,133.0	609.5	
Non-controlling interests	(17.3)	-	
	15,115.7	609.5	

For 1H12, revenue increased to Baht 6,054.9 million based on the fully consolidation method since the effective date (4 May 2012) as compared to Baht 3,996.5 million under the 51% proportionate consolidation basis.

In accordance with TFRS 3 : Business Combination, AAV realized the gain on the fair value of equity interest in 2Q12 of Baht 14,690.0 million, net profit in 1H12 resulted of Baht 15,115.7 million as compared to Baht 609.5 million in the same period of last year. From the fully consolidation basis, there was profit attributable to owners of the parent and non-controlling interests of Baht 15,133.0 million and Baht (17.3) million respectively. In relation to financial performance of the Company, please refer to analysis of Thai AirAsia in the next section

Statements of financial position

Unit: millions

Asia Aviation Public Company Limited

	As at			
	Consolidated 30 Jun 2012		Proportionate consolidated 31 Dec 2011	
	Amount	%	Amount	%
Cash and cash equivalents	2,814.1	9.6%	694.4	31.2%
Cash at financial institutions pledged as security	174.5	0.6%	7.4	0.3%
Short-term investments	2,186.5	7.4%	4.7	0.2%
Trade and other receivables	332.9	1.1%	97.8	4.5%
Amounts due from related parties	204.1	0.7%	140.7	6.3%
Inventories	50.1	0.2%	26.1	1.2%
Other current assets	339.4	1.2%	479.9	21.6%
Total current assets	6,101.7	20.8%	1,451.0	65.3%
Cash at financial institutions pledged as security	8.2	0.0%	28.6	1.3%
General investment	6.9	0.0%	3.5	0.2%
Leasehold improvements and equipment, net	372.8	1.3%	154.5	6.9%
Intangible assets, net	14,867.5	50.6%	7.3	0.3%
Goodwill	7,415.1	25.2%	286.2	12.9%
Other non-current assets	626.9	2.1%	292.4	13.2%
Total non-current assets	23,297.4	79.2%	772.5	34.7%
Total assets	29,399.1	100%	2,223.5	100%
Trade and other accounts payable	170.7	0.6%	87.9	4.0%
Amounts due to related parties	372.3	1.3%	184.2	8.3%
Deferred revenues	2,989.6	10.2%	1,385.3	62.3%
Accrued expenses	481.4	1.6%	247.4	11.1%
Current portion of long-term borrowing from a financial institution	-	-	247.9	11.2%
Current portion of finance lease liabilities	4.2	0.0%	2.4	0.1%
Other current liabilities	78.9	0.3%	7.1	0.3%
Total current liabilities	4,097.0	13.9%	2,162.2	97.3%

Long-term borrowing from a financial institution	-	-	6.7	0.3%
Finance lease liabilities	7.7	0.1%	4.7	0.2%
Employee benefit obligations	100.7	0.3%	42.2	1.9%
Total non-current liabilities	108.4	0.4%	53.6	2.4%
Total liabilities	4,205.4	14.3%	2,215.8	99.7%
Share capital	485.0	1.6%	410.0	18.4%
Other component of equity	-	-	(15.5)	(0.7%)
Premium on share capital	2,602.2	8.9%	-	-
Other reserves	(73.0)	(0.2%)	-	-
Retain earnings (deficits)	14,746.2	50.2%	(386.8)	(17.4%)
Equity attributable to owners of the parent	17,760.3	60.4%	7.7	0.3%
Non-controlling interests	7,433.5	25.3%	-	-
Total shareholders' equity	25,193.8	85.7%	7.7	0.3%

For the period, the Company prepared the statements of financial position under fully consolidation basis as at the 30 June 2012 as compared to the proportionate consolidation as at 31 December 2012.

Total assets as at 30 June 2012 amounted Baht 29,399.1 million, comprising current assets Baht 6,101.7 million, which was increased from cash from the IPO proceeds, and non-current assets of Baht 23,297.4 million, which mainly increased from intangible assets and goodwill as the result of the asset fair valuation under the fully consolidation basis.

Total liabilities as at 30 June 2012 amounted Baht 4,205.4 million. The Company has no borrowing from financial institution at the end of the period.

Total shareholders' equity as at 30 June 2012 amounted Baht 25,193.8 million, which mainly increased from the premium of share capital, a result from the difference between the IPO share price and par value after the deduction of IPO related expenses, and from the gain from fair value of equity interest realized through the statement of comprehensive income. Additionally, non-controlling interest was recorded of Baht 7,433.5 million under the fully consolidation as at the end of the period.

Statements of cash flows

Unit: millions Asia Aviation Public Company Limited	For SIX-MONTH ended 30 June	
	Consolidated	Proportionate consolidated
	2012	2011
Cash flows from (used in) operating activities	783.7	(170.5)
Cash flows from (used in) investing activities	(1,065.0)	(23.2)
Cash flows from (used in) financing activities	2,375.7	355.5
Net increase in cash and cash equivalents	2,094.4	161.8

In the six month period ended 30 June 2012 under the fully consolidated basis, AAV had net cash generated from operating activities of Baht 783.7 million, being the operating cash flows before changes in operating assets and liabilities of Baht 470.0 million. The net cash flows used in investing activities were Baht 1,065.0 million while the net cash generated from financing activities were Baht 2,375.7 million. As a result, the Company had net increase in cash and cash equivalents of Baht 2,094.4 million, ending the balance for the period of Baht 2,814.1 million.

Thai AirAsia's financial performance for period has been summarized below:

Statements of comprehensive income

Three months ended 30 June 2012 compared to three months ended 30 June 2011

Unit: millions Thai AirAsia Company Limited	For THREE-MONTH ended 30 June		
	2012	2011	Change %
Revenues	4,432.8	3,832.7	+15.7%
Operating costs	(4,110.7)	(3,429.1)	+19.9%
Gross profit	322.0	403.6	-20.2%
Net gain on exchange rates	44.8	68.0	-34.1%
Other income	115.1	107.4	+7.1%
Profit before expenses	481.9	579.0	-16.8%
Selling expenses	(62.9)	(81.1)	-22.5%
Administrative expenses	(124.8)	(89.3)	+39.6%
Profit before finance costs and income tax	294.3	408.6	-28.0%
Finance costs	(0.2)	(80.5)	-99.8%
Income tax	(48.3)	-	+100.0%
Net profit for the period	245.8	328.1	-25.1%



Revenues increased 15.7% from Baht 3,832.7 million in 2Q11 to Baht 4,432.8 million in 2Q12, primarily attributable to an increase in passenger revenues despite a slight fall in ancillary revenues.

Passenger revenues increased 16.7% YoY as the number of passengers carried increased from 1.6 million in 2Q11 to 1.9 million in 2Q12. The increase in passengers carried was supported from the increase in capacity from 2.1 million to 2.5 million YoY as well as the load factor of 79% in 2Q12 as compared to 78% in the same period of prior year. With an incremental of four aircraft YoY, Thai AirAsia has higher number of flights with increased ASK in the second quarter from 2,235 million to 2,593 million YoY. The aircraft utilization remained stable at 11.7 hours per day. The second quarter's traffic (RPK) has increased from 1,774 million to 2,044 million YoY. Average fare was slightly down from Baht 1,872 to Baht 1,804 as Thai AirAsia offers promotional fare and flies more frequency on shorter route with a decrease in average stage length from 1,083 kilometers in 2Q11 to 1,057 kilometers in 2Q12. Chiangmai-Macau route was launched and Bangkok-Trang route has additional frequency in 2Q12.

Ancillary revenues slid by 7.9% in 2Q12 on YoY, mainly due to the reduction in unit price on baggage handling fees to entice the demand. The fees had been brought back at the end of the period. Ancillary revenue per passenger was down from Baht 405 in 2Q11 to Baht 311 in 2Q12.

Operating costs in 2Q12 increased 19.9% YoY from Baht 3,429.1 million to Baht 4,110.7 million. The incremental was mainly from higher fuel costs by 21.0% YoY, primarily due to higher consumption from larger fleet despite a slight decline in average jet fuel price from US\$ 132.8 per barrel in 2Q11 to US\$ 130.9 per barrel in 2Q12. Aircraft rental and repair and maintenance costs increased by 21.5% and 32.3% YoY respectively for the quarter in accordance with the increase in fleet size.

Gross profit decreased 20.2% YoY in the second quarter from Baht 403.6 million to Baht 322.0 million, having gross profit margin of 7.3% in 2Q12.

Other income for the quarter increased 7.1% YoY from Baht 107.4 million to Baht 115.1 million, principally because of the increase from airport fees collected from passengers despite a decrease in interest income from related parties.

Selling expenses decreased from Baht 81.1 million to Baht 62.9 million for the YoY in this quarter, mainly attributable to decrease in brand license fee as the fee has been waived for one year even there is more marketing spending in the period.

Administrative expenses increased from Baht 89.3 million to Baht 124.8 million comparing the second quarter YoY, mainly from the increases of back office's personnel costs and of professional fees.

Profit before finance costs and income tax declined from Baht 408.6 million in 2Q11 and to Baht 294.3 million in 2Q12.

Finance costs significantly decreased from Baht 80.5 million to Baht 0.2 million, comparing this quarter YoY. The decline was mainly due to no interest expense payable to related parties and payable to financial institution in 2Q12.

Income tax in 2Q12 amounted Baht 48.3 million compared to zero income tax accrual in 2Q11 due to cumulative tax losses.

Net profit for 2Q12 slows from Baht 328.1 million in 2Q11 to Baht 245.8 million down 25.1% YoY; therefore, net profit margin came down from 8.6% to 5.5% correspondingly.

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Unit: millions Thai AirAsia Company Limited	For SIX-MONTH ended 30 June		
	2012	2011	Change %
Revenues	9,300.9	7,993.0	+16.4%
Operating costs	(8,141.5)	(6,645.0)	+22.5%
Gross profit	1,159.4	1,348.0	-14.0%
Net gain on exchange rates	48.2	104.0	-53.7%
Other income	211.4	265.9	-20.5%
Profit before expenses	1,418.9	1,717.9	-17.4%
Selling expenses	(260.2)	(174.0)	+49.5%
Administrative expenses	236.8	(168.5)	+40.5%
Profit before finance costs and income tax	921.9	1,375.3	-33.0%
Finance costs	(6.1)	(155.6)	-96.1%
Income tax	(48.3)	-	+100%
Net profit for the period	867.4	1,219.7	-28.9%

Revenues increased 16.4% from Baht 7,993.0 million in 1H11 to Baht 9,300.9 million in 1H12, primarily attributable to an increase in passenger revenues and in ancillary revenues.

Passenger revenues increased 15.1% YoY as the number of passengers carried increased from 3.4 million in 1H11 to 4.1 million in 1H12. The increase in passengers carried was supported from the increase in capacity from 4.2 million to 4.9 million YoY as well as the load factor of 83% in 1H12 as compared to 81% in the same period of prior year. With an incremental of four aircraft YoY, Thai AirAsia has higher number of flights with increased ASK in the first half from 4,497 million to 5,133 million YoY. The aircraft utilization remained at 11.6 hours per day. The first half's traffic (RPK) has increased from

3,681 million to 4,218 million YoY. Average fare was decreased from Baht 1,860 to Baht 1,790 as Thai AirAsia offers promotional fare and flies more frequency on shorter route with a decrease in average stage length from 1,066 kilometers in 1H11 to 1,045 kilometers in 1H12. Bangkok-Colombo, Bangkok – Chennai, Bangkok – Chongqing, Bangkok – Trang, and Bangkok – Nakhom Phanom and Chiangmai-Macau are the new routes in 1H12 while Bangkok-Singapore, Bangkok-Chiangmai and Bangkok-Trang routes have additional frequency during the period.

Ancillary revenues rose by 3.1% in 1H12 on YoY while the ancillary revenue per passenger was down from Baht 383 in 1H11 to Baht 333 in 1H12 mainly due to the reduction in unit price of baggage handling fees.

Operating costs in 1H12 increased 22.5% YoY from Baht 6,645.0 million to Baht 8,141.5 million. The incremental was mainly from higher fuel costs by 25.1% YoY, primarily due to higher consumption from larger fleet as well as higher average jet fuel price from US\$ 122.0 per barrel in 1H11 to US\$ 129.1 per barrel in 1H12. Aircraft rental and repair and maintenance costs increased by 18.2% and 32.0% YoY respectively for the first half of the year in accordance with the increase in fleet size.

Gross profit decreased 14.0% YoY in the first half from Baht 1,348.0 million to Baht 1,159.4 million, having gross profit margin of 12.5% in 1H12.

Other income for the first half of the year decreased 20.5% YoY from Baht 265.9 million to Baht 211.4 million, principally because of the decrease in interest income from related parties despite the increase from airport fees collected from passengers.

Selling expenses increased from Baht 174.0 million to Baht 353.9 million for the YoY in this first half of the year, mainly attributable to more advertisement and marketing activities.

Administrative expenses increased from Baht 168.5 million to Baht 236.8 million comparing the first half YoY, mainly from the increases of back office's staff personnel costs and of professional fees.

Profit before finance costs and income tax declined from Baht 1,375.3 million in 1H11 and to Baht 921.9 million in 1H12.

Finance costs significantly decreased from Baht 155.6 million to Baht 6.1 million, comparing this first half YoY. The decline was mainly due to no interest expense payable to related parties in 1H12 and no interest payable to financial institution in 2Q12.

Income tax in 1H12 amounted Baht 48.3 million compared to zero income tax accrual in 1H11 due to cumulative tax losses.

Net profit for 1H12 slows from Baht 1,219.7 million in 1H11 to Baht 867.4 million down 28.9% YoY; therefore, net profit margin came down from 15.3% to 9.3% correspondingly.

Statements of financial position

Unit: millions

As at

Thai AirAsia Company Limited	30 Jun 2012		31 Dec 2011	
	Amount	%	Amount	%
Cash and cash equivalents	2,771.3	38.7%	1,359.7	35.9%
Cash at financial institutions pledged as security	174.5	2.4%	14.5	0.4%
Short-term investments	2,186.5	30.5%	9.1	0.2%
Trade and other receivables	332.9	4.7%	191.8	5.1%
Amounts due from related parties	204.1	2.9%	276.0	7.3%
Inventories	50.1	0.7%	51.2	1.4%
Other current assets	412.5	5.8%	934.0	24.6%
Total current assets	6,131.9	85.7%	2,836.4	74.8%
Cash at financial institutions pledged as security	8.2	0.1%	56.0	1.5%
General investment	6.9	0.1%	6.9	0.2%
Leasehold improvements and equipment, net	372.8	5.2%	302.9	8.0%
Intangible assets, net	11.5	0.2%	14.3	0.4%
Other non-current assets	626.9	8.8%	573.4	15.1%
Total non-current assets	1,026.3	14.3%	953.5	25.2%
Total assets	7,158.2	100.0%	3,789.8	100.0%
Trade and other accounts payable	164.1	2.3%	172.3	4.5%
Amounts due to related parties	372.3	5.2%	361.1	9.5%
Deferred revenues	2,989.6	41.8%	2,716.4	71.7%
Accrued expenses	456.6	6.4%	476.1	12.6%
Current portion of long-term borrowing from a financial institution	-	-	486.0	12.8%
Current portion of finance lease liabilities	4.2	0.1%	4.8	0.1%
Other current liabilities	78.4	1.1%	14.0	0.4%
Total current liabilities	4,065.2	56.8%	4,230.7	111.6%
Long-term borrowing from a financial institution	-	-	13.2	0.3%
Finance lease liabilities	7.7	0.1%	9.3	0.2%
Employee benefit obligations	100.7	1.4%	82.8	2.2%
Total non-current liabilities	108.4	1.5%	105.2	2.8%
Total liabilities	4,173.6	58.3%	4,335.8	114.4%

Share capital	435.6	6.1%	400.0	10.6%
Premium on share capital	2,628.8	36.7%	1.2	0.0%
Retain earnings (deficits)	(79.8)	(1.1%)	(947.2)	(25.0%)
Total shareholders' equity	2,984.6	41.7%	(546.0)	(14.4%)

As of 30 June 2012, Thai AirAsia had total assets of Baht 7,158.2 million, being the current asset of Baht 6,131.9 million which increased from cash and cash equivalent received from capital increase by AAV and non-current asset of Baht 1,026.3 million which increased from aircraft spareparts in line with expanded fleet. Total liabilities amounted Baht 4,173.6 million as at the end of the period with no borrowing from financial institution. Shareholders' equity amounted Baht 2,984.6 million. In 2Q12, AAV has injected capital into Thai AirAsia raising its stake from 51% to 55% ownership, as part of AAV's listing requirement. This increased Thai AirAsia's paid-up capital from Baht 400.0 million as at the end of 2011 to Baht 435.6 million, increasing from 40.0 million shares to 43.6 million shares at par value of Baht 10 per share. From AAV's subscription of the right offering, Thai AirAsia recorded an increase in premium on share from Baht 1.2 million as at the end of 2011 to Baht 2,628.8 million as at the end of 2Q12.

Statements of cash flows

Unit: millions	For SIX-MONTH ended	
	30 June	
Thai AirAsia Company Limited	2012	2011
Cash flows from (used in) operating activities	1,486.3	(335.1)
Cash flows from (used in) investing activities	(2,267.3)	(46.4)
Cash flows from (used in) financing activities	2,156.0	711.0
Net increase in cash and cash equivalents	1,374.9	329.6

In the six month period ended 30 June 2012, Thai AirAsia had net cash generated from operating activities of Baht 1,486.3 million, being the operating cash flows before changes in operating assets and liabilities of Baht 915.3 million. The net cash increase in operating assets and liabilities were mainly from the value added tax receivable of Baht 627.5 million that Thai AirAsia has received from Thai Revenue Department. Thai AirAsia's net cash flows used in investing activities of Baht 2,267.3 million were primarily from the short term investment of Baht 2,177.4 million. Thai AirAsia's net cash generated from financing activities of Baht 2,156.0 million were mainly from the proceeds from issuance of ordinary shares of Baht 2,663.1 million despite the repayments of short term borrowing from financial institution of Baht 499.2 million. As a result, Thai AirAsia had net increase in cash and cash equivalents of Baht 1,374.9 million, ending the balance for the period of Baht 2,771.3 million.