

ASIA AVIATION PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND COMPANY
FINANCIAL INFORMATION
(UNAUDITED)**

30 SEPTEMBER 2012



Statement of financial position as at 31 December 2011 presented for comparative purposes

I have audited the proportionate consolidated and company financial statements for the year ended 31 December 2011 of Asia Aviation Public Company Limited, in accordance with Thai Standards on Auditing and expressed an unqualified opinion on those statements in my report dated 8 March 2012. The proportionate consolidated and company statements of financial position as at 31 December 2011, presented for comparative purposes, are part of the financial statements. I have not performed any other auditing procedures subsequent to the date of that report.

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

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

Bangkok
13 November 2012

Asia Aviation Public Company Limited
Statements of Financial Position
As at 30 September 2012 and 31 December 2011

| | Notes | Consolidated | Proportionate consolidated | Company | |
|---|-------|---|--|---|--|
| | | (Unaudited) 30 September 2012 Baht | (Audited) 31 December 2011 Baht | (Unaudited) 30 September 2012 Baht | (Audited) 31 December 2011 Baht |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 1,433,211,396 | 694,425,971 | 32,365,970 | 977,900 |
| Cash at financial institutions pledged as security | | 176,053,822 | 7,373,833 | - | - |
| Short-term investments | | 3,501,273,589 | 4,651,341 | - | - |
| Trade and other receivables | 6 | 294,534,177 | 97,835,916 | - | - |
| Amounts due from related parties | 16.5 | 250,172,083 | 140,742,129 | - | - |
| Inventories | | 55,743,468 | 26,128,736 | - | - |
| Prepaid expenses | | 450,898,312 | 115,024,798 | 1,402,723 | - |
| Value added tax receivable, net | | 7,929,331 | 351,470,624 | - | - |
| Other current assets | | 22,787,794 | 13,392,997 | - | 3,530,000 |
| Total current assets | | 6,192,603,972 | 1,451,046,345 | 33,768,693 | 4,507,900 |
| Non-current assets | | | | | |
| Cash at financial institutions pledged as security | | 7,793,880 | 28,559,991 | - | - |
| Investment in a subsidiary | 7 | - | - | 3,067,114,370 | - |
| Investment in a joint venture | 8 | - | - | - | 403,999,930 |
| General investment | | 8,769,300 | 3,534,044 | - | - |
| Aircraft, leasehold improvements, and equipment, net | 9 | 1,656,478,424 | 154,498,165 | 24 | 2,006 |
| Intangible assets, net | 9 | 14,868,463,919 | 7,274,065 | 1 | 1,052 |
| Goodwill | 10 | 7,415,116,414 | 286,184,317 | - | - |
| Other non-current assets | | 665,527,254 | 292,419,374 | - | - |
| Total non-current assets | | 24,622,149,191 | 772,469,956 | 3,067,114,395 | 404,002,988 |
| Total assets | | 30,814,753,163 | 2,223,516,301 | 3,100,883,088 | 408,510,888 |

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

Asia Aviation Public Company Limited
Statements of Financial Position (Cont'd)
As at 30 September 2012 and 31 December 2011

| | Notes | Consolidated | Proportionate consolidated | Company | |
|---|-------|---|--|---|--|
| | | (Unaudited) 30 September 2012 Baht | (Audited) 31 December 2011 Baht | (Unaudited) 30 September 2012 Baht | (Audited) 31 December 2011 Baht |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Trade accounts payable | | 89,904,525 | 54,025,061 | - | - |
| Other accounts payable | | 149,585,047 | 33,848,064 | - | - |
| Amounts due to related parties | 16.6 | 407,242,693 | 184,156,928 | - | - |
| Deferred revenues | | 3,198,602,477 | 1,385,345,343 | - | - |
| Accrued expenses | | 362,978,536 | 247,386,536 | 24,403,386 | 4,577,061 |
| Current portion of long-term borrowing from a financial institution | 11 | - | 247,859,915 | - | - |
| Current portion of finance lease liabilities | 12 | 68,410,069 | 2,431,587 | - | - |
| Other current liabilities | | 15,819,147 | 7,175,962 | 24,824 | 20,736 |
| Total current liabilities | | 4,292,542,494 | 2,162,229,396 | 24,428,210 | 4,597,797 |
| Non-current liabilities | | | | | |
| Long-term borrowing from a financial institution | 11 | - | 6,713,256 | - | - |
| Finance lease liabilities | 12 | 1,002,343,380 | 4,719,811 | - | - |
| Employee benefit obligations | | 106,916,558 | 42,203,653 | - | - |
| Total non-current liabilities | | 1,109,259,938 | 53,636,720 | - | - |
| Total liabilities | | 5,401,802,432 | 2,215,866,116 | 24,428,210 | 4,597,797 |

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

Asia Aviation Public Company Limited
Statements of Financial Position (Cont'd)
As at 30 September 2012 and 31 December 2011

| | Note | Consolidated | Proportionate | Company | |
|--------------------------------------|-------------|-----------------------|----------------------|----------------------|--------------------|
| | | (Unaudited) | Consolidated | (Unaudited) | (Audited) |
| | | 30 September | 31 December | 30 September | 31 December |
| | | 2012 | 2011 | 2012 | 2011 |
| | | Baht | Baht | Baht | Baht |
| Liabilities and | | | | | |
| shareholders' equity (Cont'd) | | | | | |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Authorised share capital | | | | | |
| Ordinary shares, | | | | | |
| shares 4,850,000,000 shares | | | | | |
| of par Baht 0.1 each | | | | | |
| | | 485,000,000 | 485,000,000 | 485,000,000 | 485,000,000 |
| Issued and paid-up share capital 13 | | | | | |
| Ordinary shares, | | | | | |
| shares 4,850,000,000 shares | | | | | |
| of paid-up Baht 0.1 each | | | | | |
| (31 December 2011: Ordinary shares, | | | | | |
| shares 4,100,000,000 shares | | | | | |
| of paid-up Baht 0.1 each) | | | | | |
| | | 485,000,000 | 410,000,000 | 485,000,000 | 410,000,000 |
| Premium on share capital | 13 | 2,602,171,649 | - | 2,602,171,649 | - |
| Other component of equity | | | | | |
| Effect of change in proportion of | | | | | |
| investment in a joint venture | | | | | |
| | | - | (15,526,868) | - | - |
| Other reserves | | | | | |
| | | (51,130,917) | - | - | - |
| Retained earnings (Deficits) | | 14,853,850,062 | (386,822,947) | (10,716,771) | (6,086,909) |
| Equity attributable to owners | | | | | |
| of the parent | | | | | |
| | | 17,889,890,794 | 7,650,185 | 3,076,454,878 | 403,913,091 |
| Non-controlling interests | | 7,523,059,937 | - | - | - |
| Total shareholders' equity | | 25,412,950,731 | 7,650,185 | 3,076,454,878 | 403,913,091 |
| Total liabilities and | | | | | |
| shareholders' equity | | | | | |
| | | 30,814,753,163 | 2,223,516,301 | 3,100,883,088 | 408,510,888 |

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

Asia Aviation Public Company Limited
Statements of Comprehensive Income (Unaudited)
For the three-month periods ended 30 September 2012 and 2011

| | Note | Consolidated | Proportionate | Company | |
|--|-------------|---------------------|----------------------|----------------|-------------|
| | | 2012 | consolidated | 2012 | 2011 |
| | | Baht | Baht | Baht | Baht |
| Revenues | | 4,426,438,338 | 1,894,174,401 | - | - |
| Operating costs | | (3,992,947,927) | (1,733,536,349) | - | - |
| Gross profit | | 433,490,411 | 160,638,052 | - | - |
| Net gain on exchange rates | | 6,447,877 | 9,456,179 | - | - |
| Other income | | 117,297,266 | 39,907,689 | - | - |
| Profit before expenses | | 557,235,554 | 210,001,920 | - | - |
| Selling expenses | | (180,147,175) | (55,173,415) | - | - |
| Administrative expenses | | (118,685,665) | (50,222,468) | (1,786,031) | (1,237,265) |
| Profit (loss) before finance costs and income tax | | 258,402,714 | 104,606,037 | (1,786,031) | (1,237,265) |
| Finance costs | | (148,784) | (9,029,441) | - | - |
| Profit (loss) before income tax | | 258,253,930 | 95,576,596 | (1,786,031) | (1,237,265) |
| Income tax | | (60,985,287) | - | - | - |
| Net profit (loss) for the period | | 197,268,643 | 95,576,596 | (1,786,031) | (1,237,265) |
| Total comprehensive income (expense) for the period | | 197,268,643 | 95,576,596 | (1,786,031) | (1,237,265) |
| Profit (loss) attributable to: | | | | | |
| Owners of the parent | | 107,694,041 | 95,576,596 | (1,786,031) | (1,237,265) |
| Non-controlling interests | | 89,574,602 | - | - | - |
| | | 197,268,643 | 95,576,596 | (1,786,031) | (1,237,265) |
| Earnings (loss) per share | | | | | |
| Basic earnings (loss) per share | 15 | 0.02 | 0.02 | (0.00) | (0.00) |

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

Asia Aviation Public Company Limited
Statements of Comprehensive Income (Unaudited) (Cont'd)
For the nine-month periods ended 30 September 2012 and 2011

| | Notes | Consolidated | Proportionate consolidated | Company | |
|--|-------|-----------------|----------------------------|--------------|--------------|
| | | 2012 Baht | 2011 Baht | 2012 Baht | 2011 Baht |
| Revenues | | 10,481,343,265 | 5,890,667,674 | - | - |
| Operating costs | | (9,466,999,367) | (5,056,025,079) | - | - |
| Gross profit | | 1,014,343,898 | 834,642,595 | - | - |
| Net gain on exchange rates | | 51,171,504 | 61,451,734 | - | - |
| Gain on fair value of previously held equity interests | 7 | 14,689,965,229 | - | - | - |
| Other income | | 266,495,658 | 172,848,041 | 213,652 | 14,508 |
| Profit before expenses | | 16,021,976,289 | 1,068,942,370 | 213,652 | 14,508 |
| Selling expenses | | (311,100,847) | (142,193,765) | - | - |
| Administrative expenses | | (285,241,669) | (134,823,734) | (4,618,341) | (1,595,210) |
| Profit (loss) before finance costs and income tax | | 15,425,633,773 | 791,924,871 | (4,404,689) | (1,580,702) |
| Finance costs | | (3,335,296) | (86,845,672) | (225,173) | - |
| Profit (loss) before income tax | | 15,422,298,477 | 705,079,199 | (4,629,862) | (1,580,702) |
| Income tax | | (109,341,036) | - | - | - |
| Net profit (loss) for the period | | 15,312,957,441 | 705,079,199 | (4,629,862) | (1,580,702) |
| Total comprehensive income (expense) for the period | | 15,312,957,441 | 705,079,199 | (4,629,862) | (1,580,702) |
| Profit (loss) attributable to: | | | | | |
| Owners of the parent | | 15,240,673,009 | 705,079,199 | (4,629,862) | (1,580,702) |
| Non-controlling interests | | 72,284,432 | - | - | - |
| | | 15,312,957,441 | 705,079,199 | (4,629,862) | (1,580,702) |
| Earnings (loss) per share | | | | | |
| Basic earnings (loss) per share | 15 | 3.43 | 0.17 | (0.00) | (0.00) |

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

Asia Aviation Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited)
For the nine-month periods ended 30 September 2012 and 2011

| Proportionate consolidated | | | |
|--|--|--------------------------|-----------------------|
| Note | Issued and paid-up share capital Baht | Deficits Baht | Total Baht |
| | 410,000,000 | (1,369,403,410) | (959,403,410) |
| Adjustments from adoption of a new accounting standard | - | (31,541,528) | (31,541,528) |
| | 410,000,000 | (1,400,944,938) | (990,944,938) |
| Total comprehensive income for the period | - | 705,079,199 | 705,079,199 |
| | <u>410,000,000</u> | <u>(695,865,739)</u> | <u>(285,865,739)</u> |

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

Asia Aviation Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)
For the nine-month periods ended 30 September 2012 and 2011

| | Consolidated | | | | | | | | |
|--|--------------------------------------|--|-------------------------------------|---|---------------------------|--|-------------------------------|----------------------------------|----------------------------------|
| | Attributable to owners of the parent | | | | | | Total owners of the parent | Non- controlling interests | Total shareholders' equity |
| | Note | Issued and paid-up share capital Baht | Premium on share capital Baht | Retained earnings (Deficits) Baht | Other component of equity | | | | |
| | | | | | Other reserves Baht | Effect of change in proportion of investment in a joint venture Baht | | | |
| Opening balance as at 1 January 2012 | | 410,000,000 | - | (386,822,947) | - | (15,526,868) | 7,650,185 | - | 7,650,185 |
| Ordinary shares issued | 13 | 75,000,000 | 2,700,000,000 | - | - | - | 2,775,000,000 | - | 2,775,000,000 |
| Transaction costs | 13 | - | (97,828,351) | - | - | - | (97,828,351) | - | (97,828,351) |
| Effect of change in investments | | | | | | | | | |
| from a joint venture to a subsidiary | | - | - | - | - | 15,526,868 | 15,526,868 | 7,450,775,505 | 7,466,302,373 |
| Effect of share based payment | | - | - | - | (51,130,917) | - | (51,130,917) | - | (51,130,917) |
| Total comprehensive income | | | | | | | | | |
| (expense) for the period | | - | - | 15,240,673,009 | - | - | 15,240,673,009 | 72,284,432 | 15,312,957,441 |
| Closing balance as at 30 September 2012 | | 485,000,000 | 2,602,171,649 | 14,853,850,062 | (51,130,917) | - | 17,889,890,794 | 7,523,059,937 | 25,412,950,731 |

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

Asia Aviation Public Company Limited
Statements of Changes in Shareholders' Equity (Unaudited) (Cont'd)
For the nine-month periods ended 30 September 2012 and 2011

| | Notes | Company | | | Total Baht |
|--|-------|--|-------------------------------------|---------------------|----------------------|
| | | Issued and paid-up share capital Baht | Premium on share capital Baht | Deficits Baht | |
| Opening balance as at 1 January 2011 | | 410,000,000 | - | (4,112,288) | 405,887,712 |
| Adjustments from adoption of a new accounting standard | 4.1 | - | - | - | - |
| Balance after adjustment | | 410,000,000 | - | (4,112,288) | 405,887,712 |
| Total comprehensive expense for the period | | - | - | (1,580,702) | (1,580,702) |
| Closing balance as at 30 September 2011 | | <u>410,000,000</u> | <u>-</u> | <u>(5,692,990)</u> | <u>404,307,010</u> |
| Opening balance as at 1 January 2012 | | 410,000,000 | - | (6,086,909) | 403,913,091 |
| Ordinary share issued | 13 | 75,000,000 | 2,700,000,000 | - | 2,775,000,000 |
| Transaction costs | 13 | - | (97,828,351) | - | (97,828,351) |
| Total comprehensive expense for the period | | - | - | (4,629,862) | (4,629,862) |
| Closing balance as at 30 September 2012 | | <u>485,000,000</u> | <u>2,602,171,649</u> | <u>(10,716,771)</u> | <u>3,076,454,878</u> |

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

Asia Aviation Public Company Limited
Statements of Cash Flows (Unaudited)
For the nine-month periods ended 30 September 2012 and 2011

| | Notes | Consolidated | Proportionate consolidated | Company | |
|---|-------|------------------|----------------------------|--------------|--------------|
| | | 2012 Baht | 2011 Baht | 2012 Baht | 2011 Baht |
| Cash flows from operating activities | | | | | |
| Profit (loss) before income tax | | 15,422,298,477 | 705,079,199 | (4,629,862) | (1,580,702) |
| Adjustments for: | | | | | |
| Depreciation | 9 | 42,852,813 | 24,960,540 | 1,982 | 3,794 |
| Amortisation | 9 | 2,428,357 | 1,870,794 | 1,051 | 960 |
| Gain on fair value of previously held interest | 7 | (14,689,965,229) | - | - | - |
| Loss (gain) on disposals of leasehold improvements, equipment and intangible assets | | 14,191 | (826,101) | - | - |
| Share based payment | 14 | 36,522,083 | - | - | - |
| Employee benefit expenses | | 21,419,447 | 7,039,074 | - | - |
| Unrealised gain on exchange rates | | (35,058,243) | (28,596,624) | - | - |
| Finance costs | | 3,335,296 | 86,845,672 | 225,173 | - |
| Interest income | | (51,202,358) | (61,488,934) | (213,652) | (14,508) |
| | | 752,644,834 | 734,883,620 | (4,615,308) | (1,590,456) |
| Changes in operating assets and liabilities (excluding the effects of change in a joint venture to a subsidiary) | | | | | |
| - Cash at financial institutions pledged as security | | (58,422,487) | 1,487,783 | - | - |
| - Trade and other receivables | | (60,352,866) | (28,704,672) | - | - |
| - Amounts due from related parties | | (59,171,687) | 829,181,778 | - | - |
| - Inventories | | (5,407,154) | (2,722,707) | - | - |
| - Prepaid expenses | | (87,124,971) | (64,407,541) | (1,402,723) | - |
| - Value added tax receivable | | 395,275,505 | (171,613,897) | - | - |
| - Other current assets | | 844,089 | 6,683,420 | 3,530,000 | (2,905,847) |
| - Other non-current assets | | (95,180,699) | (28,358,727) | - | - |
| - Trade accounts payable | | (13,467,275) | 22,095,085 | - | - |
| - Other accounts payable | | 90,721,228 | 25,308,186 | - | - |
| - Amounts due to related parties | | 44,134,506 | (1,529,958,692) | - | 324,443 |
| - Deferred revenues | | 510,162,322 | 297,048,020 | - | - |
| - Accrued expenses | | (201,501,827) | (25,202,509) | (4,147,500) | 1,094,905 |
| - Other current liabilities | | 69,775 | (3,998,196) | 4,088 | 5,129 |
| Cash generated from (used in) operation | | 1,213,223,293 | 61,720,951 | (6,631,443) | (3,071,826) |
| Interest paid | | - | (12,023,404) | (225,173) | - |
| Interest received | | 9,255,813 | 14,202,202 | 213,652 | - |
| Income tax paid | | (251,797,335) | - | - | - |
| Net cash generated from (used in) operating activities | | 970,681,771 | 63,899,749 | (6,642,964) | (3,071,826) |

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

Asia Aviation Public Company Limited
Statements of Cash Flows (Unaudited) (Cont'd)
For the nine-month periods ended 30 September 2012 and 2011

| | Notes | Consolidated | Proportionate consolidated | Company | |
|---|-------|----------------------|----------------------------|-------------------|------------------|
| | | 2012 | 2011 | 2012 | 2011 |
| | | Baht | Baht | Baht | Baht |
| Cash flows from investing activities | | | | | |
| Short-term loan granted to a director | | - | (31,520,600) | - | - |
| Short-term loan repayments received from a director | | - | 81,520,600 | - | - |
| Cash received from change in investment in a joint venture to a subsidiary | | 625,297,714 | - | - | - |
| Payments for short-term investments | | (2,964,763,583) | - | - | - |
| Proceeds (payments) from general investment | | (1,839,800) | 278,800 | - | - |
| Proceeds from disposals of leasehold improvements and equipment | | 689,459 | 3,025,920 | - | - |
| Payments for aircraft, leasehold improvements and equipment | | (291,232,787) | (20,613,654) | - | - |
| Payments for intangible assets | | (1,123,562) | (1,241,633) | - | - |
| Payments for investment in a subsidiary | 7 | - | - | (2,663,114,440) | - |
| Interest received | | 12,712,529 | 4,632,720 | - | 14,508 |
| Net cash generated from (used in) investing activities | | (2,620,260,030) | 36,082,153 | (2,663,114,440) | 14,508 |
| Cash flows from financing activities | | | | | |
| Proceeds from issue of ordinary shares | 13 | 2,613,492,474 | - | 2,701,145,474 | - |
| Repayments of short-term borrowings from a financial institution | | - | (100,000,000) | - | - |
| Repayments of finance lease | | (2,278,566) | (2,704,124) | - | - |
| Proceed from long-term borrowing from a financial institution | | - | 480,581,626 | - | - |
| Repayments of long-term borrowing from a financial institution | 11 | (254,573,171) | (110,750,000) | - | - |
| Interest paid | | (3,335,296) | (12,523,202) | - | - |
| Net cash generated from financing activities | | 2,353,305,441 | 254,604,300 | 2,701,145,474 | - |
| Net increase (decrease) in cash and cash equivalents | | | | | |
| | | 703,727,182 | 354,586,202 | 31,388,070 | (3,057,318) |
| Cash and cash equivalents at the beginning of the period | | 694,425,971 | 260,382,950 | 977,900 | 6,472,054 |
| Effect of exchange rates | | 35,058,243 | 28,596,624 | - | - |
| Cash and cash equivalents at the end of the period | | 1,433,211,396 | 643,565,776 | 32,365,970 | 3,414,736 |
| Non-cash transactions | | | | | |
| Significant non-cash transactions during the periods ended 30 September 2012 and 2011 are as follows: | | | | | |
| Purchase of leasehold improvements and equipment which have not been paid | | 6,079,786 | - | - | - |
| Purchase of an aircraft and motor vehicles under finance lease agreements | | 1,060,000,000 | 8,978,045 | - | - |
| Landing rights acquired from change in investment in a joint venture to a subsidiary | 7 | 14,856,000,000 | - | - | - |
| Unpaid liabilities from issuance of share capital | 13 | 23,973,825 | - | 23,973,825 | - |

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

Asia Aviation Public Company Limited
Condensed Notes to the Interim Consolidated and Company Financial Information (Unaudited)
For the three-month and nine-month periods ended 30 September 2012 and 2011

1 General information

Asia Aviation Public Company Limited (“the Company”) is a public company and incorporated in Thailand. The address of the Company’s registered office is as follows:

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

The Company’s ordinary shares are listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the “Group”.

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

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

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

As disclosed in Note 7, Thai AirAsia Company Limited changed from the Company’s joint venture to a subsidiary under the “Amended and Restated Shareholders’ Agreement” in February 2012.

These interim consolidated and company financial information were approved by the Board of Directors on 13 November 2012.

These interim consolidated and company financial information have been reviewed, not audited.

2 Basis of preparation

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

These interim consolidated and Company financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

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

3 Significant accounting policies

The accounting policies used in the preparation of the interim consolidated and company financial information are consistent with those used in the proportionate consolidated and company financial statements for the year ended 31 December 2011 except as described in Note 4.

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

The new accounting standards, amendments to accounting standards and new financial reporting standards are mandatory for the accounting periods beginning on or after 1 January 2013, which are currently relevant to the Group but the Group has not early adopted them are as follows:

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

The management has assessed and determined that the new accounting standards, amendments to accounting standards and new financial reporting standards will not significantly impact the interim consolidated and company financial information being presented except for TAS 12 which the management is currently assessing the impact of applying this standard.

TFRS 8: The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from 1 January 2013. The expected impact is still being assessed in detail by management, it appears that the Group may need to disclose operating segments that is consistent with the internal reporting provided to the chief operating decision-maker.

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

4 New accounting policies

4.1) Employee benefits

The Group has applied Thai Accounting Standard 19, which dealt with accounting for employee benefits since 1 January 2011 by adjusting a total amount against the deficits as of 1 January 2011. The effects of the adoption of the above standards were as follows:

| | Proportionate consolidated Baht | Company Baht |
|---|--|-------------------------|
| Statement of changes in shareholders' equity | | |
| Deficits as of 1 January 2011 increased | 31,541,528 | - |

4.2) Share-based payment

As disclosed in Note 14, the Group has share-based payment transactions so the Group applied Thai Financial Reporting Standard 2, which dealt with accounting for transactions in which an entity receives goods or services as consideration for either:

- Equity instruments of the entity (equity-settled) which is recognised as equity; or
- Cash or other assets, the amount of which is based on the price or value of the entity's share (cash-settled) that is recognised as liability.

The measurement of the transaction is based on the fair value of the goods or service received. The equity-settled transactions are not re-measured once the grant date fair value has been determined. The cash-settled transactions are required to be re-measured at the date of each statement of financial position and at the date of settlement, with change in fair value recognised in profit or loss.

4.3) Business combinations

As disclosed in Note 7, Thai AirAsia Company Limited changed from the Company's joint venture to a subsidiary in February 2012 so the Group applied Thai Financial Reporting Standard 3 (revised 2009), which dealt with accounting for business combination. The revised standard requires to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt and are subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expenses.

4 New accounting policies (Cont'd)

4.4) Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

For the Company financial information, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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5 Segment information

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

6 Trade and other receivables

| | Consolidated | Proportionate | Company | |
|-----------------------------------|---------------------|----------------------|---------------------|--------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Trade accounts receivable | 217,500,930 | 79,456,542 | - | - |
| Accrued revenues | 60,315,817 | 16,596,705 | - | - |
| Other accounts receivable | 16,717,430 | 1,782,669 | - | - |
| Total trade and other receivables | <u>294,534,177</u> | <u>97,835,916</u> | <u>-</u> | <u>-</u> |

Trade accounts receivable can be analysed by age as follows:

| | Consolidated | Proportionate | Company | |
|---------------------------------|---------------------|----------------------|---------------------|--------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Up to 3 months | 185,391,580 | 71,932,116 | - | - |
| 3 - 6 months | 8,148,343 | 3,805,546 | - | - |
| 6 - 12 months | 10,536,058 | 2,553,899 | - | - |
| Over 12 months | 13,424,949 | 1,164,981 | - | - |
| Total trade accounts receivable | <u>217,500,930</u> | <u>79,456,542</u> | <u>-</u> | <u>-</u> |

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7 Investment in a subsidiary

Details of investment in a subsidiary are as follows:

| | | | | Company | | |
|------------------------------|---|--------------------------------|---------------------------------|-------------------------------------|----------------------------------|---|
| | | | | (Unaudited) 30 September 2012 | (Audited) 31 December 2011 | |
| Business | Total number of holding shares | Par value Baht per share | % of shareholding Percent | Cost method Baht | Cost method Baht | |
| Thai AirAsia Company Limited | providing a low-fare airline service | 23,955,553 | 10 | 55.00 | 3,067,114,370 | - |
| | | | | | 3,067,114,370 | - |

The movement of investment in a subsidiary for nine-month period ended 30 September 2012 is as follows:

| | Company (Unaudited) Baht |
|---|--------------------------------|
| Opening book amount | - |
| Change of investment from investment in a joint venture to a subsidiary | 403,999,930 |
| Additional investment | 2,663,114,440 |
| Closing book amount | 3,067,114,370 |

As at 31 December 2011, Thai AirAsia Company Limited was jointly controlled by the Company and AirAsia Investment Ltd., incorporated in Malaysia, which own 51% and 49% of the joint venture's shares, respectively. Investment in Thai AirAsia Company Limited was considered as investment in a joint venture according to the shareholder's agreement.

On 14 February 2012, the Company entered into an "Amended and Restated Shareholders' Agreement" with three parties which are AirAsia Investment Ltd. (a subsidiary of AirAsia Berhad), AirAsia Berhad and Thai AirAsia Company Limited pursuant to which the parties set out their respective rights and obligations with respect to Thai AirAsia Company Limited. According to the "Amended and Restated Shareholders' Agreement", the Company has gained controls over Thai AirAsia Company Limited. The "Amended and Restated Shareholders' Agreement" will be effective from the date that the Securities and Exchange Commission issues a letter to the Company notifying that it has commenced counting the period of effectiveness of the draft prospectus filed by the Company in relation to an initial public offering, which is 4 May 2012. Therefore, Thai AirAsia Company Limited has been considered as a subsidiary instead of a joint venture from that date onward.

On 29 May 2012, the Company subscribed for an additional 3,555,560 shares of Thai AirAsia Company Limited, totalling Baht 2,663.11 million, or Baht 749 each. Therefore, the Company's shareholding interest in Thai AirAsia Company Limited increased from 51% to 55% from that date.

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7 Investment in a subsidiary (Cont'd)

Details of net assets acquired and effect of the change from investment in a joint venture to investment in a subsidiary are as follows:

| | As at 4 May 2012^(a) Baht |
|---|--|
| Fair value of previously held equity interest in Thai AirAsia Company Limited | 15,170,005,205 |
| | <u>15,170,005,205</u> |
| Recognised amounts of identifiable assets acquired and liabilities assumed | |
| Cash and cash equivalents | 1,276,117,328 |
| Short-term investments | 1,085,425,460 |
| Trade accounts receivable and amounts due from related parties | 321,162,427 |
| Inventories and other current assets | 392,801,737 |
| Cash at financial institutions pledged as security | 182,635,426 |
| General investment | 6,929,500 |
| Leasehold improvements and equipment, net | 384,130,782 |
| Landing rights | 14,856,000,000 |
| Intangible assets, net | 13,254,382 |
| Other non-current assets | 567,198,126 |
| Trade accounts payable and amounts due to related parties | (465,914,117) |
| Deferred revenues | (2,659,376,219) |
| Accrued expenses and other current liabilities | (654,345,317) |
| Finance lease liabilities | (12,001,255) |
| Employee benefit obligations | (88,353,964) |
| Identifiable net assets (liabilities) acquired ^(b) | 15,205,664,296 |
| Non-controlling interests | (7,450,775,505) |
| Goodwill ^(b) | 7,415,116,414 |
| | <u>15,170,005,205</u> |

(a) The amounts of assets and liabilities were based on financial information from management as at 30 April 2012 as it was the nearest accounting closing date, to the acquisition date (4 May 2012) which the financial information was made available.

(b) As at 30 September 2012, the Company is under the process of determining fair value of the acquired net assets and reviewing purchase price allocation ("PPA"). Therefore, the goodwill presented above may be subject to further adjustments depending on the determination of fair value and the result of the PPA, which is expected to be finalised within 12 months from the acquisition date.

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7 Investment in a subsidiary (Cont'd)

The goodwill amount of Baht 7,415.12 million arises from a number of factors such as the fact that Thai AirAsia Company Limited has a strong financial position and profitability in airline business and there are unrecognised assets such as the experienced workforce in airline industry.

The fair value of 51% interest in Thai AirAsia Company Limited's ordinary shares previously held before acquisition date is based on the offering price of the Company's ordinary shares as of 29 May 2012.

The non-controlling interests were recognised by using the non-controlling interests' proportionate share of the acquiree's net assets.

The Group recognised a gain of Baht 14,689.97 million arising from fair value measurement of its 51% interest in Thai AirAsia Company Limited held before the Company has gained controls. The gain is recognised as gain on fair value of previously held equity interests under the consolidated statement of comprehensive income for the period ended 30 September 2012.

8 Investment in a joint venture

Details of jointly controlled company are as follows:

| | Business | Total number of holding shares | Par value Baht per share | % of shareholding Percent | Company | |
|------------------------------|---|---|--------------------------------|---------------------------------|-------------------------------------|----------------------------------|
| | | | | | (Unaudited) 30 September 2012 | (Audited) 31 December 2011 |
| | | | | | Cost method Baht | Cost method Baht |
| Thai AirAsia Company Limited | providing a low-fare airline service | 20,399,993 | 10 | 51.00 | - | 403,999,930 |
| | | | | | - | 403,999,930 |

The movement of investment in a joint venture for the nine-month period ended 30 September 2012 is as follows:

| | Company (Unaudited) Baht |
|---|--------------------------------|
| Opening book amount | 403,999,930 |
| Change of investment from investment in a joint venture to a subsidiary | (403,999,930) |
| Closing book amount | - |

During the period, Thai AirAsia Company Limited was reclassified from investment in a joint venture to investment in a subsidiary as the Company has control over this company as mentioned in Note 7.

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

| | Consolidated | | | | Company | | |
|---|---|--|------------------------|-----------------------|--|--|-------------------|
| | Aircraft, leasehold improvements and equipment Baht | Computer software and computer software under installation Baht | Landing rights Baht | Intangible assets | | Leasehold improvements and equipment Baht | Intangible assets |
| | | | | Total Baht | Computer software and computer software under installation Baht | | |
| For the nine-month period ended 30 September 2012 (Unaudited) | | | | | | | |
| Opening net book amount | 154,498,165 | 7,274,065 | - | 7,274,065 | 2,006 | 1,052 | |
| Additions | 1,357,312,572 | 1,123,562 | - | 1,123,562 | - | - | |
| Increase from gaining control in a subsidiary | 384,130,781 | 13,254,381 | 14,856,000,000 | 14,869,254,381 | - | - | |
| Decrease from changing from investment in a joint venture to a subsidiary | (195,906,631) | (6,759,732) | - | (6,759,732) | - | - | |
| Disposals, net | (703,650) | - | - | - | - | - | |
| Depreciation/amortisation | (42,852,813) | (2,428,357) | - | (2,428,357) | (1,982) | (1,051) | |
| Closing net book amount | <u>1,656,478,424</u> | <u>12,463,919</u> | <u>14,856,000,000</u> | <u>14,868,463,919</u> | <u>24</u> | <u>1</u> | |

The significant additions in consolidated financial information for the nine-month period ended 30 September 2012 are the additions of landing rights and leasehold improvements and equipment which are identifiable assets acquired from gaining control in a subsidiary amounting to Baht 14,856.00 million and Baht 384.13 million, respectively (Note 7). In addition, the additions include an aircraft under finance lease and related spare parts amount of Baht 1,310.97 million.

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10 Goodwill

| | Consolidated (Unaudited) Baht |
|--|--|
| For the nine-month period ended 30 September 2012 | |
| Opening book amount | 286,184,317 |
| Decrease from changing from investment in a joint venture to a subsidiary | (286,184,317) |
| Increase from gaining control in a subsidiary (Note 7) | 7,415,116,414 |
| Closing book amount | 7,415,116,414 |

11 Long-term borrowing from a financial institution

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

| | Consolidated (Unaudited) 30 September 2012 Baht | Proportionate consolidated (Audited) 31 December 2011 Baht | Company (Unaudited) 30 September 2012 Baht | (Audited) 31 December 2011 Baht |
|--------------------------------------|--|---|---|--|
| Within 1 year | - | 247,859,915 | - | - |
| Over 1 year but less than 5 years | - | 6,713,256 | - | - |
| | - | 254,573,171 | - | - |

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

| | Consolidated (Unaudited) Baht | Company (Unaudited) Baht |
|--|--|---|
| For the nine-month period ended 30 September 2012 | | |
| Opening book amount | 254,573,171 | - |
| Loan repayments | (254,573,171) | - |
| Closing book amount | - | - |

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12 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

| | Consolidated | Proportionate consolidated | Company | |
|---|----------------------|-----------------------------------|---------------------|--------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Within one year | 121,445,168 | 2,144,430 | - | - |
| Later than 1 year but not later than 5 years | 473,838,876 | 5,622,344 | - | - |
| Later than 5 years | 842,456,363 | - | - | - |
| <u>Less</u> Future finance charges on finance leases | (366,986,958) | (615,376) | - | - |
| | <u>1,070,753,449</u> | <u>7,151,398</u> | <u>-</u> | <u>-</u> |
| Representing lease liabilities: | | | | |
| - Short-term | 68,410,069 | 2,431,587 | - | - |
| - Long-term | 1,002,343,380 | 4,719,811 | - | - |
| | <u>1,070,753,449</u> | <u>7,151,398</u> | <u>-</u> | <u>-</u> |

The present value of finance lease liabilities is as follows:

| | Consolidated | Proportionate consolidated | Company | |
|---|----------------------|-----------------------------------|---------------------|--------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Within one 1 year | 118,145,999 | 2,065,242 | - | - |
| Later than 1 year but not later than 5 years | 406,973,972 | 5,086,156 | - | - |
| Later than 5 years | 545,633,478 | - | - | - |
| | <u>1,070,753,449</u> | <u>7,151,398</u> | <u>-</u> | <u>-</u> |

On 27 September 2012, Thai AirAsia Company Limited, its subsidiary, entered into an Aircraft Finance Lease Agreement with a lessor. The agreement has period of 12 years. The agreement carries fixed interest rate for a certain period and the payment will be reset every six months based on a floating rate. According to conditions of the agreement, Thai AirAsia Company Limited must comply with financial and operational covenants. Thai AirAsia Company Limited has a purchase option of the aircraft from the lessor at the end of the lease term.

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13 Share capital

| | Par value Baht | Number of authorised ordinary shares Shares | Issued and paid-up ordinary shares Shares | Issued and paid-up ordinary shares Baht | Share premium Baht | Total Baht |
|-------------------------|---------------------------|--|--|--|-----------------------------------|-----------------------|
| At 1 January 2012 | 0.1 | 4,850,000,000 | 4,100,000,000 | 410,000,000 | - | 410,000,000 |
| Issue of shares | 0.1 | - | 750,000,000 | 75,000,000 | 2,602,171,649 | 2,677,171,649 |
| As at 30 September 2012 | 0.1 | 4,850,000,000 | 4,850,000,000 | 485,000,000 | 2,602,171,649 | 3,087,171,649 |

On 29 May 2012, the Company placed its Initial Public Offering (“IPO”) amounting to 750 million new ordinary shares with an offering price of Baht 3.70 per share totalling Baht 2,775 million, on the Stock Exchange of Thailand (“SET”). On 31 May 2012, the new ordinary shares of the Company were traded at the main board of the SET. The Company incurred underwriter fees and other expenses relating to the share issuance of Baht 28.74 million and Baht 69.09 million, respectively. The underwriter fees and other expenses relating to the share issuance were presented as netted with related share premium. As at 30 September 2012, the outstanding liabilities of Baht 23.97 million have not been paid and were included under accrued expenses in the statement of financial position.

14 Share-based payment

On 9 May 2012, Thai AirAsia Company Limited, its subsidiary, announced to allot new issuance of initial public offering ordinary share of the Company of 23.69 million shares totalling Baht 87.65 million to grant to its eligible employees. The value of the shares granted to employees is equal to the public offering price of the shares. The plan is conditional on completed service of the employees for one year after initial public offering date of the Company, then the employees would be able to sell the granted shares.

On 29 May 2012, the eligible employees acquired the granted shares totalling 23.69 million shares.

During the nine-month period ended 30 September 2012, the Group recognised the expenses related to equity-settled share-based payments in the statement of comprehensive income totalling Baht 36.52 million.

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15 Earnings (loss) per share

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

| | <u>Consolidated</u> | | <u>Proportionate consolidated</u> | | <u>Company</u> | |
|---|---|---------------|-----------------------------------|-------------|----------------|-------------|
| | <u>For the three-month periods ended 30 September (Unaudited)</u> | | | | | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht) | 107,694,041 | 95,576,596 | (1,786,031) | | (1,237,265) | |
| Weighted average number of paid-up ordinary shares outstanding during the period (Shares) | 4,850,000,000 | 4,100,000,000 | 4,850,000,000 | | 4,100,000,000 | |
| Basic earnings (loss) per share (Baht) | 0.02 | 0.02 | (0.00) | | (0.00) | |

| | <u>Consolidated</u> | | <u>Proportionate consolidated</u> | | <u>Company</u> | |
|---|--|---------------|-----------------------------------|-------------|----------------|-------------|
| | <u>For the nine-month periods ended 30 September (Unaudited)</u> | | | | | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Net profit (loss) for the period attributable to ordinary shareholders of the parent (Baht) | 15,240,673,009 | 705,079,199 | (4,629,862) | | (1,580,702) | |
| Weighted average number of paid-up ordinary shares outstanding during the period (Shares) | 4,442,153,285 | 4,100,000,000 | 4,442,153,285 | | 4,100,000,000 | |
| Basic earnings (loss) per share (Baht) | 3.43 | 0.17 | (0.00) | | (0.00) | |

The Group does not have diluted ordinary shares as at 30 September 2012 and 2011.

16 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.

Major shareholders of the Company are management of the Company. The remaining is widely held.

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16 Related party transactions (Cont'd)

Related party transactions were carried out on conditions as follows:

| | <u>Pricing policies</u> |
|--|--|
| - Interest income | At a mutual agreed rate and equivalent to interest expenses rate paid to other related parties. |
| - Share of loss (gain) on fuel price swap agreements | Based on fuel consumption ratio. |
| - Share of staff costs for accounting services | Actual staff costs allocated by number of aircraft. |
| - Aircraft rental | For aircraft owned by AirAsia Berhad, rental charge is based on AirAsia Berhad's cost of capital. For sub-leased aircraft, rental charge is based on master agreement that AirAsia Group has leased from a third party adjusted with some assumptions to reflect the subsidiary's credit risk profile. |
| - Aircraft repair and maintenance | Based on the average of the contractual amount between AirAsia Berhad and the vendor, adjusted for annual escalation and stepped incremental rates under the master agreement. |
| - Expenses paid on behalf for purchasing of merchandises and equipment | At the purchase price with third parties. |
| - Management fee expenses | At agreement price with AirAsia Berhad. |
| - Booking fee expenses | At agreement price which approximates the master agreement that AirAsia Group has agreed with third parties. |
| - Pilot training expenses | At agreement price with Asian Aviation Centre of Excellence Sdn Bhd (CAE). |
| - Brand license fee ^(a) | At 1% of total revenues per annum (started in 2012). |
| - Interest expenses | At a rate equivalent to AirAsia Group's borrowing rate. |

^(a) On 18 June 2012, the Group had received the letter from AirAsia Berhad to waive the brand license fee charge for one year from 1 January 2012 to 31 December 2012.

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16 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

16.1) Income

| | <u>Consolidated</u> | <u>Proportionate consolidated</u> | <u>Company</u> | |
|------------------------|---|-----------------------------------|----------------|-------------|
| | <u>For the three-month periods ended 30 September (Unaudited)</u> | | | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | <u>Baht</u> | <u>Baht</u> | <u>Baht</u> | <u>Baht</u> |
| Interest income | | | | |
| Other related parties | 296,133 | 1,901,365 | - | - |
| A director | - | 247,609 | - | - |
| | <u>296,133</u> | <u>2,148,974</u> | <u>-</u> | <u>-</u> |

| | <u>Consolidated</u> | <u>Proportionate consolidated</u> | <u>Company</u> | |
|------------------------|--|-----------------------------------|----------------|-------------|
| | <u>For the nine-month periods ended 30 September (Unaudited)</u> | | | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| | <u>Baht</u> | <u>Baht</u> | <u>Baht</u> | <u>Baht</u> |
| Interest income | | | | |
| Other related parties | 1,271,721 | 59,422,562 | - | - |
| A director | - | 655,038 | - | - |
| | <u>1,271,721</u> | <u>60,077,600</u> | <u>-</u> | <u>-</u> |

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16 Related party transactions (Cont'd)

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

16.2) Purchases of goods, services and interest expenses

16.2.1) Other related parties

| | Proportionate consolidated | | Company | |
|--|----------------------------|--------------|--|--------------|
| | Consolidated | | For the three-month periods ended 30 September (Unaudited) | |
| | 2012 Baht | 2011 Baht | 2012 Baht | 2011 Baht |
| Share of loss (gain) from fuel swap agreements | 21,998,746 | (1,116,319) | - | - |
| Share of staff costs for accounting services | (6,308,145) | (3,895,222) | - | - |
| Aircraft rental | 789,900,540 | 347,963,280 | - | - |
| Aircraft repair and maintenance | 305,574,410 | 121,397,478 | - | - |
| Purchase of merchandises and equipment | 23,909,906 | 13,280,357 | - | - |
| Management fee expenses | 3,768,160 | 1,827,420 | - | - |
| Booking fee expenses | 16,657,744 | 6,628,137 | - | - |
| Pilot training expenses | 7,893,052 | - | - | - |
| Interest expenses | - | 413,076 | - | - |

| | Proportionate consolidated | | Company | |
|--|----------------------------|---------------|---|--------------|
| | Consolidated | | For the nine-month periods ended 30 September (Unaudited) | |
| | 2012 Baht | 2011 Baht | 2012 Baht | 2011 Baht |
| Share of loss (gain) from fuel swap agreements | 21,083,081 | (9,194,911) | - | - |
| Share of staff costs for accounting services | (16,365,230) | (10,721,388) | - | - |
| Aircraft rental | 1,842,624,724 | 1,002,852,680 | - | - |
| Aircraft repair and maintenance | 713,304,156 | 359,951,232 | - | - |
| Purchase of merchandises and equipment | 100,982,776 | 31,599,030 | - | - |
| Management fee expenses | 8,846,128 | 5,505,476 | - | - |
| Booking fee expenses | 39,381,808 | 20,840,934 | - | - |
| Pilot training expenses | 34,308,515 | - | - | - |
| Interest expenses | - | 74,322,470 | - | - |

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16 Related party transactions (Cont'd)

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

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

16.2.2) Subsidiary

| | <u>Consolidated</u> | <u>Proportionate consolidated</u> | <u>Company</u> | |
|-------------------|--|-----------------------------------|----------------|-------------|
| | For the nine-month periods ended 30 September (Unaudited) | | | |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Interest expenses | - | - | 225,173 | - |

16.3) Management remunerations

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

| | <u>Consolidated</u> | <u>Proportionate consolidated</u> | <u>Company</u> | |
|---|---|-----------------------------------|----------------|-------------|
| | For the three-month periods ended 30 September (Unaudited) | | | |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Salaries and other short-term employee benefits | 13,966,625 | 4,247,832 | 650,000 | - |
| Retirement benefits | 1,121,287 | 262,033 | - | - |
| | <u>15,087,912</u> | <u>4,509,865</u> | <u>650,000</u> | <u>-</u> |

| | <u>Consolidated</u> | <u>Proportionate consolidated</u> | <u>Company</u> | |
|---|--|-----------------------------------|------------------|-------------|
| | For the nine-month periods ended 30 September (Unaudited) | | | |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Salaries and other short-term employee benefits | 41,881,381 | 18,232,970 | 2,350,000 | - |
| Retirement benefits | 12,545,730 | 786,093 | - | - |
| | <u>54,427,111</u> | <u>19,019,063</u> | <u>2,350,000</u> | <u>-</u> |

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16 Related party transactions (Cont'd)

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

16.4) Passenger revenues and expenses received and paid on behalf

| | Proportionate | | Company | |
|---|----------------------|---------------------|---|-------------|
| | Consolidated | consolidated | For the three-month periods ended 30 September (Unaudited) | |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| - Passenger revenues received on behalf of the Group by other related parties | 613,961,121 | 261,313,640 | - | - |
| - Cash received on behalf of other related party | 103,195,396 | 56,290,721 | - | - |
| - Expenses paid on behalf of the Group by other related parties | 134,057,009 | 89,098,308 | - | - |
| - Advance payment on behalf of other related parties | 31,587,156 | 24,633,882 | - | - |

| | Proportionate | | Company | |
|---|----------------------|---------------------|--|-------------|
| | Consolidated | consolidated | For the nine-month periods ended 30 September (Unaudited) | |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| - Passenger revenues received on behalf of the Group by other related parties | 1,533,664,470 | 1,495,167,042 | - | - |
| - Cash received on behalf of other related party | 252,688,933 | 183,867,027 | - | - |
| - Expenses paid on behalf of the Group by other related parties | 282,670,693 | 264,089,467 | - | - |
| - Advance payment on behalf of other related parties | 86,520,902 | 154,175,738 | - | - |
| - Expenses paid on behalf of the Company by a subsidiary | - | - | 5,550,252 | - |

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16 Related party transactions (Cont'd)

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

16.5) Amounts due from related parties

| | Consolidated | Proportionate consolidated | Company | |
|---|--------------|----------------------------|--------------|-------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Amounts due from related parties | | | | |
| Other related parties | 250,172,083 | 140,742,129 | - | - |

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2011: 6.00% per annum).

16.6) Amounts due to related parties

| | Consolidated | Proportionate consolidated | Company | |
|---------------------------------------|--------------|----------------------------|--------------|-------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Amounts due to related parties | | | | |
| Other related parties | 407,242,693 | 184,156,928 | - | - |

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

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16 Related party transactions (Cont'd)

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

16.7) Other non-current assets

| | Consolidated | Proportionate consolidated | Company | |
|---------------------------------|---------------------|-----------------------------------|---------------------|--------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | Baht | Baht | Baht | Baht |
| Aircraft rental deposits | | | | |
| Other related party | 526,659,276 | 253,912,027 | - | - |
| Fuel price swap deposits | | | | |
| Other related party | 15,345,550 | 8,045,374 | - | - |

17 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:

| | Consolidated | Proportionate consolidated | Company | |
|--|---------------------|-----------------------------------|---------------------|--------------------|
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| | 30 September | 31 December | 30 September | 31 December |
| | 2012 | 2011 | 2012 | 2011 |
| | US Dollars | US Dollars | US Dollars | US Dollars |
| Favourable (unfavourable) fuel price swap agreements | (601,055) | 821,892 | - | - |

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18 Commitments

For the nine-month period ended 30 September 2012, there were no significant changes in commitments or contingent liabilities from the year ended 31 December 2011 (please see proportionate consolidated and company financial statements for the year ended 31 December 2011).

As at 30 September 2012, the Group had the future aggregate minimum lease payments in respect of non-cancellable aircraft lease agreements made with AirAsia (Mauritius) Limited, a related company of the 24 aircraft (As at 31 December 2011: 22 aircraft) and insurance agreements of the 25 aircraft (As at 31 December 2011: 22 aircraft) as follows:

| | Consolidated | | Proportionate consolidated | |
|---|--------------------------|-------------------|-----------------------------------|-------------------|
| | (Unaudited) | | (Audited) | |
| | 30 September 2012 | | 31 December 2011 | |
| | Rental | Insurance | Rental | Insurance |
| | US Dollars | agreement | US Dollars | agreement |
| | US Dollars | US Dollars | US Dollars | US Dollars |
| Within 1 year | 100,620,000 | 1,460,884 | 45,747,483 | 411,034 |
| Later than 1 year but not later than 5 years | 402,480,000 | - | 59,296,481 | - |
| Later than 5 years | 417,230,814 | - | 23,480,282 | - |
| Total | 920,330,814 | 1,460,884 | 128,524,246 | 411,034 |

19 Guarantees

As at 30 September 2012, the Group had a commitment relating to the guarantees issued by banks in respect of pilot trainees' loans in accordance with their professional pilot courses amounting to Baht 26.9 million (31 December 2011: Baht 13.72 million).

As at 31 December 2011, the Company had a commitment relating to guarantees given to the borrowers under a credit agreement for the Baht equivalent of USD 39 million. The agreement was between Credit Suisse, Singapore branch, as the lender, and the borrowers, a group of six of the Company's shareholders. Under the credit agreement, the borrowers pledged the Company's shares and the Company pledged its investment in equity securities in Thai AirAsia Company Limited to such lender as a guarantee. As at 30 September 2012, there was no commitment relating to the above guarantees.

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20 Letters of guarantee

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

| | Consolidated | | | Proportionate consolidated | | |
|---|--------------------------|----------------|----------------|-----------------------------------|----------------|----------------|
| | (Unaudited) | | | (Audited) | | |
| | 30 September 2012 | | | 31 December 2011 | | |
| | US | India | | US | India | |
| | Baht | Dollars | Rupee | Baht | Dollars | Rupee |
| | million | million | million | million | million | million |
| Guarantees relating to flight operating activities | 5.60 | 0.45 | 30.83 | 2.86 | 0.05 | 14.19 |
| Guarantees relating to value added tax refund process | 631.11 | - | - | - | - | - |
| Total | 636.71 | 0.45 | 30.83 | 2.86 | 0.05 | 14.19 |

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

| | Consolidated | | Proportionate consolidated | |
|------------------------|--------------------------|--------------------|-----------------------------------|--------------------|
| | (Unaudited) | | (Audited) | |
| | 30 September 2012 | | 31 December 2011 | |
| | Baht | India Rupee | Baht | India Rupee |
| | million | million | million | million |
| Fixed-deposit accounts | 8.93 | 31.13 | 3.06 | 14.19 |
| Bills of exchange | 158.00 | - | - | - |
| Total | 166.93 | 31.13 | 3.06 | 14.19 |

21 Promotional privileges

During the third quarter of 2012, Thai AirAsia Company Limited, its subsidiary, received four certificates of promotional privileges from the Board of Investment (“BOI”) for the business of air transportation. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income tax for the promoted activities for a period of 8 years from the date when income is first derived. To be entitled to the privileges, the subsidiary must comply with the conditions and restrictions provided in the promotional certificates.

22 Subsequent events

On 1 and 11 November 2012, Thai AirAsia Company Limited, its subsidiary, accepted the delivery of two additional Airbus A320-200 aircraft. The expansion of the subsidiary’s fleet is to support the launch of new routes and increase the frequency of flights on the subsidiary’s existing routes. These aircraft are acquired under lease agreements for periods of 12 years.