

THAI AIRASIA COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2012



AUDITOR'S REPORT

To the Shareholders of Thai AirAsia Company Limited

I have audited the accompanying financial statements of Thai AirAsia Company Limited, which comprise the statement of financial position as at 31 December 2012, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai AirAsia Company Limited as at 31 December 2012, and its results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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

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

Bangkok
26 February 2013

Thai AirAsia Company Limited
Statements of Financial Position
As at 31 December 2012 and 2011

	<u>Notes</u>	<u>2012</u> <u>Baht</u>	<u>2011</u> <u>Baht</u>
Assets			
Current assets			
Cash and cash equivalents	7	3,847,787,525	1,359,702,567
Cash at financial institutions pledged as security		17,383,211	14,458,500
Short-term investments	8	2,295,900,960	9,120,279
Trade and other receivables	9	378,777,465	191,835,196
Amounts due from related parties	22.5	210,772,034	275,965,053
Inventories		58,345,198	51,232,834
Prepaid expenses		233,859,145	225,538,898
Value added tax receivable, net		99,289,077	689,158,323
Other current assets		13,436,177	19,339,214
Total current assets		<u>7,155,550,792</u>	<u>2,836,350,864</u>
Non-current assets			
Cash at financial institutions pledged as security		7,714,350	56,000,000
General investment	10	8,769,300	6,929,500
Aircraft, leasehold improvements, and equipment, net	11	2,923,551,143	302,933,748
Intangible assets, net	12	11,810,335	14,260,815
Other non-current assets	13	673,281,007	573,371,519
Total non-current assets		<u>3,625,126,135</u>	<u>953,495,582</u>
Total assets		<u>10,780,676,927</u>	<u>3,789,846,446</u>

The accompanying notes are an integral part of these financial statements.

Thai AirAsia Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2012 and 2011

	<u>Notes</u>	<u>2012</u> <u>Baht</u>	<u>2011</u> <u>Baht</u>
Liabilities and shareholders' equity			
Current liabilities			
Trade accounts payable		70,988,769	105,931,528
Other accounts payable		105,991,639	66,368,776
Amounts due to a related party	22.6	427,725,470	361,092,140
Deferred revenues		3,582,160,385	2,716,364,349
Accrued expenses		551,972,590	476,097,173
Current portion of long-term borrowing from a financial institution	14	-	486,000,000
Current portion of finance lease liabilities	15	137,142,871	4,767,819
Income tax payable		66,819,634	-
Other current liabilities		19,164,817	14,029,860
Total current liabilities		<u>4,961,966,175</u>	<u>4,230,651,645</u>
Non-current liabilities			
Long-term borrowing from a financial institution	14	-	13,163,251
Finance lease liabilities	15	1,783,112,423	9,254,534
Employee benefit obligations	16	111,846,384	82,752,289
Total non-current liabilities		<u>1,894,958,807</u>	<u>105,170,074</u>
Total liabilities		<u>6,856,924,982</u>	<u>4,335,821,719</u>

The accompanying notes are an integral part of these financial statements.

Thai AirAsia Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2012 and 2011

	<u>Note</u>	<u>2012</u> <u>Baht</u>	<u>2011</u> <u>Baht</u>
Liabilities and shareholders' equity (Cont'd)			
Shareholders' equity			
Share capital	18		
Authorised share capital			
Ordinary shares, shares 43,555,560 shares of par Baht 10 each (31 December 2011: 40,000,000 shares of par Baht 10 each)		<u>435,555,600</u>	<u>400,000,000</u>
Issued and paid-up share capital			
Ordinary shares, shares 43,555,560 shares of paid-up Baht 10 each (31 December 2011: 40,000,000 shares of paid-up Baht 10 each)		435,555,600	400,000,000
Premium on share capital		2,628,786,469	1,227,629
Retained earnings (Deficits)		<u>859,409,876</u>	<u>(947,202,902)</u>
Total shareholders' equity		<u>3,923,751,945</u>	<u>(545,975,273)</u>
Total liabilities and shareholders' equity		<u>10,780,676,927</u>	<u>3,789,846,446</u>

The accompanying notes are an integral part of these financial statements.

Thai AirAsia Company Limited
Statements of Comprehensive Income
For the years ended 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Revenues	19	19,348,929,844	16,157,597,567
Operating costs		<u>(16,659,061,722)</u>	<u>(13,757,646,077)</u>
Gross profit		2,689,868,122	2,399,951,490
Net gain on exchange rates		68,419,360	155,268,528
Other income		<u>450,033,294</u>	<u>451,084,289</u>
Profit before expenses		3,208,320,776	3,006,304,307
Selling expenses		(596,567,379)	(444,678,078)
Administrative expenses		<u>(460,201,769)</u>	<u>(357,909,177)</u>
Profit before finance costs and income tax		2,151,551,628	2,203,717,052
Finance costs		<u>(20,379,964)</u>	<u>(183,658,393)</u>
Profit before income tax		2,131,171,664	2,020,058,659
Income tax		<u>(320,304,101)</u>	<u>-</u>
Net profit for the year		<u>1,810,867,563</u>	<u>2,020,058,659</u>
Other comprehensive expense			
Actuarial loss on defined retirement benefit plan	16	<u>(4,254,785)</u>	<u>-</u>
Other comprehensive expense for the year		<u>(4,254,785)</u>	<u>-</u>
Total comprehensive income for the year		<u><u>1,806,612,778</u></u>	<u><u>2,020,058,659</u></u>
Earnings per share			
Basic earnings per share	21	<u>43.01</u>	<u>50.50</u>

The accompanying notes are an integral part of these financial statements.

Thai AirAsia Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2012 and 2011

	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficits)	Total
Note	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2011	400,000,000	1,227,629	(2,967,261,561)	(2,566,033,932)
Total comprehensive income for the year	-	-	2,020,058,659	2,020,058,659
Closing balance as at 31 December 2011	400,000,000	1,227,629	(947,202,902)	(545,975,273)
Ordinary share issued	18 35,555,600	2,627,558,840	-	2,663,114,440
Total comprehensive income (expense) for the year	-	-	1,806,612,778	1,806,612,778
Closing balance as at 31 December 2012	435,555,600	2,628,786,469	859,409,876	3,923,751,945

The accompanying notes are an integral part of these financial statements.

Thai AirAsia Company Limited
Statements of Cash Flows
For the years ended 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Cash flows from operating activities			
Profit before income tax		2,131,171,664	2,020,058,659
Adjustments for:			
Depreciation	11	102,116,259	66,711,759
Amortisation	12	4,135,012	4,823,576
Reversals of doubtful debts		-	(2,868,378)
Loss on disposals of leasehold improvements, equipment and intangible assets		37,708	1,046,574
Employee benefit expenses	16	24,839,310	19,669,233
Unrealised gain on exchange rates		(61,096,799)	(41,868,490)
Finance costs		20,379,964	183,658,393
Interest income		(84,313,267)	(135,911,978)
		<u>2,137,269,851</u>	<u>2,115,319,348</u>
Changes in operating assets and liabilities			
- Cash at financial institutions pledged as security		45,360,939	4,517,100
- Trade and other receivables		(168,561,478)	(78,393,344)
- Amounts due from related parties		51,473,441	1,662,997,284
- Inventories		(7,112,364)	(44,842,806)
- Prepaid expenses		(8,320,247)	(47,296,244)
- Value added tax receivable		589,869,246	(418,389,464)
- Other current assets		5,903,037	68,857,888
- Other non-current assets		(99,909,488)	(93,146,585)
- Trade accounts payable		(34,942,759)	(69,082,506)
- Other accounts payable		39,622,863	18,578,307
- Amounts due to related parties		66,633,330	(3,048,987,508)
- Deferred revenues		865,796,036	342,919,690
- Accrued expenses		68,673,247	86,387,903
- Other current liabilities		5,134,957	(5,475,979)
		<u>3,556,890,611</u>	<u>493,963,084</u>
Cash generated from operation		3,556,890,611	493,963,084
Interest paid		-	(24,046,808)
Interest received		32,776,510	51,435,756
Income tax paid		(253,484,467)	-
		<u>3,336,182,654</u>	<u>521,352,032</u>
Net cash generated from operating activities		<u>3,336,182,654</u>	<u>521,352,032</u>

The accompanying notes are an integral part of these financial statements.

Thai AirAsia Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2012 and 2011

	Notes	2012 Baht	2011 Baht
Cash flows from investing activities			
Short-term loan granted to a director	22.7	-	(63,041,200)
Short-term loan repayments received from a director	22.7	-	163,041,200
Net payments for short-term investments		(2,286,996,641)	-
Proceeds (payment) from general investment	10	(1,839,800)	557,600
Proceeds from disposals of leasehold improvements and equipment		1,529,871	7,892,381
Payments for aircraft, leasehold improvements and equipment		(790,736,957)	(82,040,718)
Payments for intangible assets	12	(1,684,532)	(2,288,579)
Interest received		47,091,505	6,477,138
Net cash generated from (used in) investing activities		<u>(3,032,636,554)</u>	<u>30,597,822</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares	18	2,663,114,440	-
Repayment of short-term borrowings from a financial institution		-	(200,000,000)
Repayments of finance lease		(20,129,166)	(6,087,368)
Proceed from long-term borrowing from a financial institution		-	961,163,251
Repayments of long-term borrowing from a financial institution	14	(499,163,251)	(462,000,000)
Interest paid		(20,379,964)	(35,013,453)
Net cash generated from financing activities		<u>2,123,442,059</u>	<u>258,062,430</u>
Net increase in cash and cash equivalents		2,426,988,159	810,012,284
Cash and cash equivalents at the beginning of the year		1,359,702,567	507,821,793
Effect of exchange rates		61,096,799	41,868,490
Cash and cash equivalents at the end of the year		<u><u>3,847,787,525</u></u>	<u><u>1,359,702,567</u></u>

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2012 and 2011 are as follows:

Purchase of aircraft spare parts which have not been paid	7,202,170	-
Purchase of aircraft and motor vehicles under finance lease agreements	1,926,362,106	17,572,913

The accompanying notes are an integral part of these financial statements.

1 General information

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

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

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

On 4 May 2012 the Company was changed from a joint venture of Asia Aviation Public Company Limited, incorporated in Thailand and AirAsia Investment Ltd., incorporated in Malaysia to a subsidiary of Asia Aviation Public Company Limited in accordance with “Amend and Restated Shareholders’ Agreement” between Asia Aviation Public Company Limited and Air Asia Investment Ltd., which own 55% and 45% of the Company’s shares, respectively (31 December 2011: 51% and 49%, respectively).

The financial statements were approved by the Board of Directors on 26 February 2013.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547.

The financial statements have been prepared under the historical cost convention, except as disclosed otherwise in the accounting policies.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

2 Accounting policies (Cont'd)

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

The new accounting standards, amendments to accounting standards and new financial reporting standards which are mandatory and are currently relevant to the Company but the Company has not early adopted them are as follows:

Effective for the periods beginning on or after 1 January 2013

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

Effective for the periods beginning on or after 1 January 2014

TFRIC 13	Customer Loyalty Programmes
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The Company's management has assessed and determined that the new accounting standards, new financial reporting standards, and amendments to accounting standards will not significantly impact the financial statements being presented except the new accounting standard and new financial reporting standard as disclosed below:

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax law that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured by based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements and using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The Company will apply this standard from 1 January 2013 retrospectively with an expected incur of deferred tax account and impact to retained earnings and income tax expense. 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 Company will apply this standard from 1 January 2013. The expected impact is still being assessed in detail by management, it appears that the Company may need to disclose operating segments that is consistent with the internal reporting provided to the chief operating decision-maker.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standards, and amendments to accounting standards (Cont'd)

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. The Company's management is currently assessing the impact of applying this interpretation

2.3 Foreign currency translation

Items included in the financial statements are measured using Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Thai Baht at the exchange rates prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and are not pledged as security.

2.5 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the end of year. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in statement of comprehensive income within administrative expenses.

2 Accounting policies (Cont'd)

2.6 Inventories

Inventories comprise food, beverage, merchandise, and consumables.

Food, beverage and merchandise are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

Consumables used internally for aircraft repairs and maintenance are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated cost necessary to make the sale. Allowance is made, where necessary, for obsolete, slow moving or defective inventories.

2.7 General investment

The Company's general investment is non-marketable equity security. The classification depends on the purpose for which the investment was acquired. Management determines the appropriate classification of its investment at the time of the purchase and re-evaluates such designation on a regular basis.

General investment is carried at cost less impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to statement of comprehensive income.

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

2 Accounting policies (Cont'd)

2.8 Aircraft, leasehold improvements and equipment

Aircraft, leasehold improvements and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to write-off the cost of each asset, to its residual value over the estimated useful life as follows:

Aircraft	5 - 25 years
Aircraft spare parts	10 years
Leasehold improvements	5 years
Computers	5 years
Furniture, fixtures and office equipment	5 years
Operating equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in statement of comprehensive income.

2.9 Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years on the straight-line basis.

2 Accounting policies (Cont'd)

2.10 Leases - where the Company is the lessee

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to statement of comprehensive income over the lease period. The assets acquired under finance lease is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.11 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost as the redemption value. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.12 Income taxes

The Company does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from provisions for retirement benefits and share-based payment.

2 Accounting policies (Cont'd)

2.13 Employee benefits

2.13.1 Provident fund

The Company operates a provident fund that is a defined contribution plan. The fund assets are held in a separate trust fund and are managed by an external fund manager. The provident fund is funded by payments from employees and by the Company. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the prior and current periods. The Company's contributions to the provident fund are charged to statement of comprehensive income in the year to which they relate.

2.13.2 Retirement benefits

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labour Law depending on age and years of service.

The liability of retirement benefit is recognised in the statement of financial position using the present value of the obligation at the statement of financial position date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The retirement benefit is calculated by an independent actuary using the projected unit credit method. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2 Accounting policies (Cont'd)

2.14 Share-based payment

The Company operates a cash-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the parent Company. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions; and
- excluding the impact of any service and non-market performance vesting conditions (remaining an employee of the entity over a specified time period)

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in statement of comprehensive income.

2.15 Provisions

Provisions, which exclude the provision relating to employee benefits, are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 Accounting policies (Cont'd)

2.17 Revenue recognition

Passenger revenue and other related services such as baggage handling fee, assigned seat revenue and cancellation and documentation revenue are recognised upon the rendering of services. The value of seats sold for which services have not been rendered is included in deferred revenues.

Revenue from sales comprises receivable for the sale of goods net of output tax, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

Other income is recognised on an accrual basis.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose them to a variety of financial risks, including the effects of changes in fuel price and foreign currency exchange rates. The Company's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the financial performance. The Company does not have policies to use derivative financial instruments for trading or speculative purpose.

Fuel price risk

The Company is exposed to the fluctuation of fuel price. To manage the risk of fuel price fluctuation, AirAsia Berhad, a related party, is carried out the risk management on behalf of the Company (Note 3.2).

Foreign exchange risk

Foreign currency assets mainly represent deposits at banks, other deposits and amounts due from related parties. Foreign currency liabilities mainly represent trade accounts payable and amounts due to related parties.

The Company is exposed to foreign exchange risk arising from currency exposures mainly in respect of US Dollars. The Company has a natural hedge to the extent that payments for foreign currency payables are matched against receivables denominated in the same foreign currency. However, the Company uses forward foreign exchange contract to hedge its exposure to foreign currency risk for fixed deposit (Note 3.2).

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

Interest rate risk

The Company's interest rate risk arises from finance lease liabilities and amounts due to related parties. Finance lease liabilities issued at variable rates and amounts due to related parties issued at fixed rate. Management considers that interest rate risk is not significant. However, all interest rate derivative transactions, which may be incurred, are subject to approval by the Board of Directors before execution.

Credit risk

Most of the Company's income, being passenger revenue, is normally paid by clients in advance. The credit risk incurred from amounts due from related parties is low. Management is therefore of the opinion that credit risk is not significant. The Company has not entered into any derivative contracts relating to credit risk. Cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company Treasury aims at maintaining flexibility in funding by keeping credit lines available.

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments, which the Company used to manage risk, comprise fuel price swap agreements and forward foreign exchange contract.

Fuel price swap agreements

AirAsia Berhad, a related party, has entered into fuel price swap agreements with third parties which protect the Company from the risk of movements in fuel price. The Company has entered into the agreement with AirAsia Berhad under the term of the agreement that gains or losses on fuel price swap agreements are allocated to the Company based on proportion of fuel consumption on a monthly basis. The Company recorded these transactions in statement of comprehensive income as a component of operating costs when they incur.

3 Financial risk management (Cont'd)

3.2 Accounting for derivative financial instruments and hedging activities (Cont'd)

Forward foreign exchange contract

The Company entered into a forward foreign exchange contract with a local financial institution in order to hedge the foreign exchange risk relating to fixed deposit. As at 31 December 2012, the outstanding contract due for the settlement date is 7 March 2013 (31 December 2011: nil) are as follows:

	2012	2011
	Baht	Baht
The amount to be received		
US Dollars 15.16 million at rate		
Baht 31.54 per US Dollar 1	478,047,477	-

3.3 Fair value estimation

Fair values of financial assets and liabilities are approximate their carrying amounts because their periods of maturities are short, therefore, there are no significant risk that would impact the Company's future cash flows.

Fuel price swap agreements

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

	2012	2011
	US Dollars	US Dollars
Favourable fuel price swap agreements	-	1,611,554

There was no outstanding fuel price swap agreement as at 31 December 2012.

Forward foreign exchange contract

The net fair value of forward foreign exchange contract at the statement of financial position date is as follows:

	2012	2011
	Baht	Baht
Favourable forward foreign exchange contract	11,966,622	-

The fair value of the forward foreign exchange contract has been calculated (using rates quoted by the counterparty to the contract) as if the contract was terminated at the statements of financial position date.

4 Critical accounting estimates, assumptions, and judgements

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Aircraft maintenance under operating leases

The Company has a commitment to maintain aircrafts under operating lease agreements, a provision is made throughout the lease term for the rectification obligations contained within the lease agreements. The provision is based on estimated future repair and maintenance costs of major airframe, certain engine maintenance checks and estimated one-off costs incurred at the end of the lease by charging to statement of comprehensive income according to the number of flying hours in each year.

Estimated useful lives and residual values of aircraft frames and engines

The Company reviews annually the estimated useful lives and residual values of aircraft airframes and engines based on key factors concerned such as business plans and strategies, expected level of usage, future technological developments and market prices. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives and residual values of aircraft airframes and engines as disclosed in Note 2.8, would increase the recorded depreciation charge and decrease the carrying amount of aircraft.

5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6 Segment information

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

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7 Cash and cash equivalents

	2012	2011
	Baht	Baht
Cash on hand	12,419,294	6,370,496
Deposits held at call with banks	2,335,368,231	1,146,732,071
Short-term bank deposits	-	6,600,000
Bill of exchange with maturity of three months or less	<u>1,500,000,000</u>	<u>200,000,000</u>
Total cash and cash equivalents	<u>3,847,787,525</u>	<u>1,359,702,567</u>

The interest rate of deposits held at call with banks was 0.51% per annum (2011: 1.40% per annum).

As at 31 December 2012, interest rate of bill of exchange with maturity of three months or less were 2.75% per annum (2011: interest rate of short-term bank deposits and bill of exchange with maturity of three months or less were 14.00% and 3.00% per annum, respectively).

8 Short-term investments

	2012	2011
	Baht	Baht
Fixed deposits	1,168,965,960	9,120,279
Bill of exchange	<u>1,126,935,000</u>	-
Total short-term investments	<u>2,295,900,960</u>	<u>9,120,279</u>

The average interest rate of fixed deposits and bill of exchange were 3.75% and 2.75% - 4.00% per annum, respectively (2011: interest rate of fixed deposits was 1.57% per annum).

9 Trade and other receivables

	2012	2011
	Baht	Baht
Trade accounts receivable	264,022,927	155,797,194
Accrued income	95,410,129	32,542,570
Other accounts receivable	<u>19,344,409</u>	<u>3,495,432</u>
Total trade and other receivables	<u>378,777,465</u>	<u>191,835,196</u>

Thai AirAsia Company Limited
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9 Trade and other receivables (Cont'd)

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

	2012	2011
	Baht	Baht
Up to 3 months	227,256,126	141,043,413
3 - 6 months	6,627,750	7,461,857
6 - 12 months	16,442,335	5,007,647
Over 12 months	13,696,716	2,284,277
Total trade accounts receivable	<u>264,022,927</u>	<u>155,797,194</u>

10 General investment

	2012	2011
	Baht	Baht
Opening book amount	6,929,500	7,487,100
Increase (decrease) in investment	1,839,800	(557,600)
Closing book amount	<u>8,769,300</u>	<u>6,929,500</u>

General investment of the Company is the investment in ordinary shares of Aeronautical Radio of Thailand Limited.

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11 Aircraft, leasehold improvements and equipment, net

	Leasehold improvements Baht	Computers Baht	Furniture, fixtures & office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft spare parts Baht	Assets under installation Baht	Total Baht
At 1 January 2011								
Cost	32,397,963	60,293,772	19,821,739	79,602,204	72,441,325	484,922,499	2,657,191	752,136,693
<u>Less</u> Accumulated depreciation	(20,542,332)	(43,521,826)	(14,872,850)	(58,151,237)	(34,960,577)	(305,444,048)	-	(477,492,870)
Net book amount	<u>11,855,631</u>	<u>16,771,946</u>	<u>4,948,889</u>	<u>21,450,967</u>	<u>37,480,748</u>	<u>179,478,451</u>	<u>2,657,191</u>	<u>274,643,823</u>
For the year ended 31 December 2011								
Opening net book amount	11,855,631	16,771,946	4,948,889	21,450,967	37,480,748	179,478,451	2,657,191	274,643,823
Additions	901,815	9,359,341	494,324	2,590,572	17,572,913	57,827,139	10,867,526	99,613,630
Disposals, net	(403,407)	(48,055)	(23,070)	(4)	(3,138,463)	-	-	(3,612,999)
Write-offs, net	-	-	-	-	-	(594,289)	(404,658)	(998,947)
Transfers	1,896,202	-	607,740	5,867,106	-	-	(8,371,048)	-
Depreciation charge	(4,920,977)	(6,808,833)	(2,022,420)	(10,394,290)	(14,319,159)	(28,246,080)	-	(66,711,759)
Closing net book amount	<u>9,329,264</u>	<u>19,274,399</u>	<u>4,005,463</u>	<u>19,514,351</u>	<u>37,596,039</u>	<u>208,465,221</u>	<u>4,749,011</u>	<u>302,933,748</u>
At 31 December 2011								
Cost	33,579,714	66,981,543	20,750,369	87,749,882	79,831,808	539,007,692	4,749,011	832,650,019
<u>Less</u> Accumulated depreciation	(24,250,450)	(47,707,144)	(16,744,906)	(68,235,531)	(42,235,769)	(330,542,471)	-	(529,716,271)
Net book amount	<u>9,329,264</u>	<u>19,274,399</u>	<u>4,005,463</u>	<u>19,514,351</u>	<u>37,596,039</u>	<u>208,465,221</u>	<u>4,749,011</u>	<u>302,933,748</u>

Thai AirAsia Company Limited
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11 Aircraft, leasehold improvements and equipment, net (Cont'd)

	Leasehold improvements Baht	Computers Baht	Furniture, fixtures & office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft Baht	Aircraft spare parts Baht	Assets under installation Baht	Total Baht
For the year ended									
31 December 2012									
Opening net book amount	9,329,264	19,274,399	4,005,463	19,514,351	37,596,039	-	208,465,221	4,749,011	302,933,748
Additions	6,391,882	9,559,911	767,465	36,420,093	-	2,513,860,588	122,895,906	34,405,388	2,724,301,233
Disposals, net	(1,157,104)	(148,904)	(49,230)	(1)	(3)	-	(212,337)	-	(1,567,579)
Transfers	14,608,556	-	2,706,748	439,441	-	-	-	(17,754,745)	-
Depreciation charge	(4,547,487)	(7,382,110)	(1,898,695)	(10,942,885)	(13,703,257)	(28,273,639)	(35,368,186)	-	(102,116,259)
Closing net book amount	<u>24,625,111</u>	<u>21,303,296</u>	<u>5,531,751</u>	<u>45,430,999</u>	<u>23,892,779</u>	<u>2,485,586,949</u>	<u>295,780,604</u>	<u>21,399,654</u>	<u>2,923,551,143</u>
At 31 December 2012									
Cost	51,586,988	74,335,459	23,730,117	124,539,416	79,308,485	2,513,860,588	661,691,262	21,399,654	3,550,451,969
<u>Less</u> Accumulated depreciation	<u>(26,961,877)</u>	<u>(53,032,163)</u>	<u>(18,198,366)</u>	<u>(79,108,417)</u>	<u>(55,415,706)</u>	<u>(28,273,639)</u>	<u>(365,910,658)</u>	<u>-</u>	<u>(626,900,826)</u>
Net book amount	<u>24,625,111</u>	<u>21,303,296</u>	<u>5,531,751</u>	<u>45,430,999</u>	<u>23,892,779</u>	<u>2,485,586,949</u>	<u>295,780,604</u>	<u>21,399,654</u>	<u>2,923,551,143</u>

The leased assets included above, where the Company is a lessee under finance lease agreements, comprise aircraft and motor vehicles, total cost of which is Baht 2,530.73 million and total accumulated depreciation of Baht 33.80 million (2011: total cost of Baht 16.87 million and total accumulated depreciation of Baht 2.16 million).

As at 31 December 2012, the gross carrying amount of fully depreciated leasehold improvements and equipment that were still in use totalling gross amount of Baht 142.36 million (2011: Baht 98.85 million).

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12 Intangible assets, net

	Computer software Baht	Computer software under installation Baht	Total Baht
At 1 January 2011			
Cost	34,450,203	5,448,485	39,898,688
<u>Less</u> Accumulated amortisation	(18,775,868)	-	(18,775,868)
Net book amount	<u>15,674,335</u>	<u>5,448,485</u>	<u>21,122,820</u>
For the year ended 31 December 2011			
Opening net book amount	15,674,335	5,448,485	21,122,820
Additions	120,223	2,168,356	2,288,579
Write-offs and adjustments, net	(1,214)	(4,325,794)	(4,327,008)
Transfers	564,323	(564,323)	-
Amortisation charge	(4,823,576)	-	(4,823,576)
Closing net book amount	<u>11,534,091</u>	<u>2,726,724</u>	<u>14,260,815</u>
At 31 December 2011			
Cost	30,908,352	2,726,724	33,635,076
<u>Less</u> Accumulated amortisation	(19,374,261)	-	(19,374,261)
Net book amount	<u>11,534,091</u>	<u>2,726,724</u>	<u>14,260,815</u>
For the year ended 31 December 2012			
Opening net book amount	11,534,091	2,726,724	14,260,815
Additions	1,457,532	227,000	1,684,532
Transfers	1,540,109	(1,540,109)	-
Amortisation charge	(4,135,012)	-	(4,135,012)
Closing net book amount	<u>10,396,720</u>	<u>1,413,615</u>	<u>11,810,335</u>
At 31 December 2012			
Cost	33,905,992	1,413,615	35,319,607
<u>Less</u> Accumulated amortisation	(23,509,272)	-	(23,509,272)
Net book amount	<u>10,396,720</u>	<u>1,413,615</u>	<u>11,810,335</u>

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13 Other non-current assets

	Note	2012 Baht	2011 Baht
Aircraft rental deposits	22.8	543,255,174	497,866,890
Fuel price swap deposits	22.8	15,242,850	15,775,250
Rental deposits		27,630,491	18,188,812
Other deposits		87,152,492	41,540,567
Total other non-current assets		<u>673,281,007</u>	<u>573,371,519</u>

14 Long-term borrowing from a financial institution

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

	2012 Baht	2011 Baht
Within 1 year	-	486,000,000
Over 1 year but less than 5 years	-	13,163,251
	<u>-</u>	<u>499,163,251</u>

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

	2012 Baht
Opening book amount	499,163,251
Loan repayments	<u>(499,163,251)</u>
Closing book amount	<u>-</u>

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15 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	2012	2011
	Baht	Baht
Within one year	207,619,284	4,204,766
Later than 1 year but not later than 5 years	790,765,579	11,024,208
Later than 5 years	1,388,409,709	-
<u>Less</u> future finance charges on finance leases	<u>(466,539,278)</u>	<u>(1,206,621)</u>
	<u>1,920,255,294</u>	<u>14,022,353</u>
Representing lease liabilities:		
- Short-term	137,142,871	4,767,819
- Long-term	<u>1,783,112,423</u>	<u>9,254,534</u>
	<u>1,920,255,294</u>	<u>14,022,353</u>

The present value of finance lease liabilities is as follows:

	2012	2011
	Baht	Baht
Within 1 year	203,310,715	4,049,495
Later than 1 year but not later than 5 years	704,624,080	9,972,858
Later than 5 years	<u>1,012,320,499</u>	-
	<u>1,920,255,294</u>	<u>14,022,353</u>

On 29 September 2012 and 11 November 2012, the Company accepted the delivery of aircraft under finance lease agreements. The agreements have periods of 12 years and 11 years 8 months, respectively. According to conditions of the agreements, the Company must comply with financial and operational covenants. The Company has a purchase option of the aircraft from the lessors at the end of the lease term.

16 Employee benefit obligations

Movements in the retirement benefit obligations over the year are as follows:

	2012	2011
	Baht	Baht
Opening book amount	82,752,289	63,083,056
Current service costs	21,342,486	17,014,908
Interest costs	3,496,824	2,654,325
Actuarial loss	4,254,785	-
Closing book amount	<u>111,846,384</u>	<u>82,752,289</u>

The profit or loss amounts recognised in statement of comprehensive income are as follows:

	2012	2011
	Baht	Baht
Current service costs	21,342,486	17,014,908
Interest costs	3,496,824	2,654,325
Total, included in staff costs	<u>24,839,310</u>	<u>19,669,233</u>

The principal actuarial assumptions used are as follows:

		2012	2011
Discount rate	% per annum	3.98	4.16
Future salary increase rate	% per annum	5.34 - 10.00	5.34 - 7.00
Resignation rate	% per annum	0.00 - 11.00	0.00 - 11.00

17 Share-based payment

On 9 May 2012, the Company announced to allot new issuance of initial public offering ordinary share of Asia Aviation Public Company Limited, the parent 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 in which the completion of service by the employees is required for one year after initial public offering date of the parent 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 year ended 31 December 2012, the Company recognised the expenses related to cash-settled share-based payments in the statement of comprehensive income totalling Baht 53.94 million.

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17 Share-based payment (Cont'd)

Movements in the number of share outstanding and their related weighted average share prices are as follows:

	Average share price Baht per share	Share
At 1 January 2012	-	-
Granted	3.70	23,690,000
Forfeited	3.70	(958,000)
At 31 December 2012	<u>3.70</u>	<u>22,732,000</u>

18 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 2011	10	40,000,000	40,000,000	400,000,000	1,227,629	401,227,629
Issue of shares	-	-	-	-	-	-
At 31 December 2011	10	40,000,000	40,000,000	400,000,000	1,227,629	401,227,629
Issue of shares	10	3,555,560	3,555,560	35,555,600	2,627,558,840	2,663,114,440
At 31 December 2012	<u>10</u>	<u>43,555,560</u>	<u>43,555,560</u>	<u>435,555,600</u>	<u>2,628,786,469</u>	<u>3,064,342,069</u>

At the Extraordinary Shareholders' Meeting of the Company held on 15 February 2012, the shareholders approved an increase in registered share capital of the Company from 40,000,000 shares to 43,555,560 shares by issuing additional ordinary shares of 3,555,560 shares with a par value of Baht 10 each in order to offer for the existing shareholders. The Company registered such increase in share capital with the Ministry of Commerce on 29 May 2012.

19 Revenues

Revenues from sales and services are as follows:

	2012 Baht	2011 Baht
Passenger revenues	15,536,886,569	13,007,455,688
Baggage handling and other service fees	3,455,770,447	2,805,257,116
In-flight revenues	196,742,032	185,490,493
Freight revenues	159,530,796	159,394,270
Total revenues	<u>19,348,929,844</u>	<u>16,157,597,567</u>

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20 Expense by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit:

	Notes	2012 Baht	2011 Baht
Depreciation and amortisation	11,12	106,251,271	71,535,335
Staff costs		1,863,797,129	1,433,667,587
Fuel costs		7,861,165,084	6,405,837,534
Aircraft rental	22.2	3,120,306,176	2,727,706,220
Repair and maintenance		1,478,776,096	1,101,464,553
Ramp and airport operations costs		1,465,925,889	1,366,458,157

21 Earnings per share

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

	2012	2011
Net profit for the year (Baht)	1,810,867,563	2,020,058,659
Weighted average number of paid-up ordinary shares outstanding (Shares)	42,108,078	40,000,000
Basic earnings per share (Baht)	43.01	50.50

The Company does not have diluted ordinary shares as at 31 December 2012 and 2011.

22 Related party transactions

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

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

On 31 December 2012, the Company are controlled by Asia Aviation Public Company Limited which owns 55% of the Company (31 December 2011: 51%).

For reporting purposed, 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:

22.1) Income

	2012	2011
	Baht	Baht
Interest income		
Parent Company	225,173	-
Other related parties	2,467,251	122,978,108
A director	-	1,310,076
	<u>2,692,424</u>	<u>124,288,184</u>

22.2) Purchases of goods and services and interest expenses with other related parties

	2012	2011
	Baht	Baht
Share of loss (gain) from fuel price swap agreements	20,056,404	(13,220,978)
Share of staff costs for accounting services	(28,253,851)	(27,499,952)
Aircraft rental	3,120,306,176	2,727,706,220
Aircraft repair and maintenance	1,258,670,939	997,958,217
Purchase of merchandises and equipment	166,929,986	108,777,168
Management fee expenses	14,963,392	14,770,940
Booking fee expenses	69,907,496	57,181,533
Pilot training expense	70,511,785	-
Interest expenses	-	148,644,940

22 Related party transactions (Cont'd)

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

22.3) Management remunerations

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

	2012	2011
	Baht	Baht
Salaries and other short-term employee benefits	58,684,327	46,107,099
Retirement benefits	13,951,654	2,096,249
	<u>72,635,981</u>	<u>48,203,348</u>

22.4) Passenger revenues and expenses received and paid on behalf

	2012	2011
	Baht	Baht
Passenger revenues received on behalf of the Company by other related parties	2,612,629,408	3,378,937,833
Cash received on behalf of other related party	447,159,776	459,037,583
Expenses paid on behalf of the Company by other related parties	386,157,382	715,424,322
Advance payments on behalf of other related parties and parent company	157,135,913	429,660,570

Outstanding balances arising from receivables, payables, short-term loan to a director and other non-current assets are summarised as follows:

22.5) Amounts due from related parties

	2012	2011
	Baht	Baht
Other related parties	<u>210,772,034</u>	<u>275,965,053</u>

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

22 Related party transactions (Cont'd)

Outstanding balances arising from receivables, payables, short-term loan to a director and other non-current assets are summarised as follows: (Cont'd)

22.6) Amounts due to a related party

	2012	2011
	Baht	Baht
	<u> </u>	<u> </u>
Other related party	427,725,470	361,092,140

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

22.7) Short-term loan to a director

	2012	2011
	Baht	Baht
	<u> </u>	<u> </u>
Opening book amount	-	105,167,062
Increase during the year	-	63,041,200
Received during the year	-	(163,041,200)
Increase from interest receivable during the year	-	1,310,076
Interest received during the year	-	(6,477,138)
	<u> </u>	<u> </u>
Closing book amount	-	-

Short-term loan to a director was unsecured and denominated in Thai Baht, carried interest at 1.50% per annum. The loan was fully settled in 2011.

22.8) Other non-current assets

	2012	2011
	Baht	Baht
	<u> </u>	<u> </u>
Aircraft rental deposits		
Other related party	543,255,174	497,866,890
	<u> </u>	<u> </u>
Fuel price swap deposits		
Other related party	15,242,850	15,775,250
	<u> </u>	<u> </u>

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23 Commitments

Operating lease commitments

As at 31 December, the Company had outstanding commitments in respect of the non-cancellable office leases and others as follows:

	2012	2011
	Baht	Baht
Not later than 1 year	22,916,044	45,244,003
Later than 1 year but not later than 5 years	14,239,637	34,532,449
Total	<u>37,155,681</u>	<u>79,776,452</u>

As at 31 December 2012, the Company had the future aggregate minimum lease payments in respect of non-cancellable aircraft lease agreements made with AirAsia (Mauritius) Limited, a related company of the 25 aircraft (As at 31 December 2011: 22 aircraft) and insurance agreements of the 27 aircraft (As at 31 December 2011: 22 aircraft) as follows:

	2012		2011	
	Rental	Insurance	Rental	Insurance
	US Dollars	agreement	US Dollars	agreement
	US Dollars	US Dollars	US Dollars	US Dollars
Within 1 year	104,040,000	834,791	89,700,977	805,951
Later than 1 year but not later than 5 years	416,160,000	-	116,267,650	-
Later than 5 years	415,725,041	-	46,039,785	-
Total	<u>935,925,041</u>	<u>834,791</u>	<u>252,008,412</u>	<u>805,951</u>

24 Guarantees

As at 31 December 2012, the Company had no commitment relating to the guarantees issued by banks in respect of pilot trainees' loans in accordance with their professional pilot courses (31 December 2011: Baht 26.9 million).

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25 Letters of guarantee

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

	2012			2011		
	Baht million	US Dollars million	India Rupee million	Baht million	US Dollars million	India Rupee million
Guarantees relating to flight operating activities	5.60	0.45	30.83	5.60	0.09	27.83

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

	2012		2011	
	Baht million	India Rupee million	Baht million	India Rupee million
Fixed-deposit accounts	8.93	31.13	6.00	27.83

26 Promotional privileges

During 2012, the Company received seven 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 Company must comply with the conditions and restrictions provided in the promotional certificates.

27 Subsequent events

On 1 February 2013, the Company accepted the delivery of one additional Airbus A320-200 aircraft. The expansion of the Company’s fleet is to support the launch of new routes and increase the frequency of flights on the Company’s existing routes. This aircraft is acquired under lease agreements for period of 12 years.