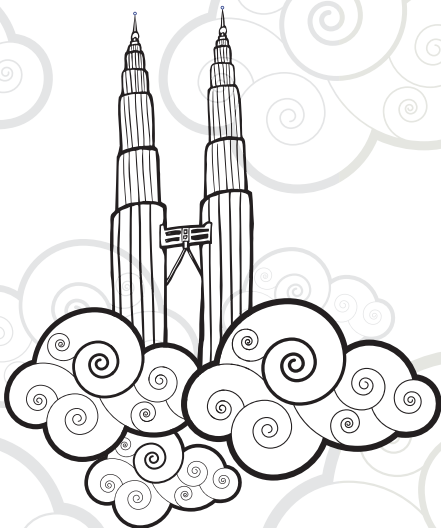




Annual Report 2013

ASIA AVIATION
Public Company Limited





A female flight attendant with long dark hair, wearing a bright red uniform with a white collar and a pilot's wings on her chest, is smiling and saluting with her right hand. She is standing in an airplane cabin with rows of dark seats visible in the background. The right side of the image features a large red circular graphic containing white text.

Now Everyone Can Fly!

- ✈ Khon Kaen
- ✈ Phitsanulok
- ✈ Siem Reap
- ✈ Kunming



Khon Kaen

Head to the heart of Thailand's northeast to visit parks, an immersive dinosaur museum and the grand Kaen Nakorn Lake while discovering the province's new role as the region's center for education, conventions and seminars.





Phitsanulok

Fly to the birthplace of King Naraesuan, pay respects to the majestic Buddha Chinnarat statue at Wat Phra Si Rattana Mahathat and get to know the future gateway of Indochina.





Siem Reap

Witness Cambodia's proud heritage with a trip to Angkor Wat or take advantage of exciting low fares and indulge in the city's diverse nightlife.





Kunming

“The City of Spring” is Yunnan province’s capital as well as its largest and most exciting city. For the vision of a lifetime, visit the majestic “Stone Forest”.



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NOW
EVERYONE
CAN FLY



WITH A
FLEET OF
35 AIRCRAFT
CARRYING OVER
10.5 MILLION
PASSENGERS
IN 2013

Vision

“Thai AirAsia to become leading low fare airline in the region. Providing to guest low fare, quality service, safety and reliability”





Mission

“We are Thailand first true low fare airline which operate at the lowest cost in the industry to revolutionize air travel and open up opportunity that **“Now Everyone Can Fly”**. We are a group of young, dynamic and energetic team, open and candid, fast and first to all opportunities.”



5
TIME
CHAMP
2009 - 2013
WORLD'S BEST

Message from Chairman

The year 2013 was a particularly challenging year for our businesses growth due to the political situation that erupted during the year end travel season. While airlines and the travel industry as a whole are acutely susceptible to such situations, such adversity proves the mettle of an organization. In this regard, I believe our company proved itself well during the year.

Our company distinguished itself by continuously developing and introducing new flourishes that kept the public excited. We especially did well in terms of reaching our domestic market targets. Increasing our flight frequencies and familiarizing ourselves to local communities through a range of activities, we enhanced our competitive edge.

An important matter that must be reiterated is “Building a good brand”. From communicating our status as the airline with the lowest fares to having a fleet of all new planes, we spent the year asserting our service standard. Through the use of our presenter “Nadech Kugimiya”, an AirAsia regular, we displayed Thai AirAsia as a fun, familiar and accessible brand.

“

Combining our strong brand with a sense of being a “Truly ASEAN Airline”, providing definite international service, we have prepared our company to compete on all fronts.

”

The use of Thailand’s northeastern dialect in our advertising material and the opening of the Bangkok-Khon Kaen route reinforced our good image and generated positive expectations. These were our greatest investments the past year that have strengthened our brand for the long term.

Combining our strong brand with a sense of being a “Truly ASEAN Airline”, providing definite international service, we have prepared our company to compete on all fronts. The next course of action to enhance our business is to become a trend leader, create innovations and introduce new services on a consistent basis. Such an action will also help us achieve satisfactory revenue from our ancillary services this year.

Of all our successes, our most notable continues to be our own personnel. Over the past 10 years we have continued to have executives with vision and sincere care for the Company and still have those who have persevered with us since our first day. Our long serving staff with their knowledge and experience and our new staff with their novel ideas and creativity both have contributed to our firm growth and bright future.

Finally, as the representative of this company, I would like to reassure that we will move forward with the plans that we have presented to our shareholders and that we will continue to grow and achieve strong returns due to our excellent foundation and worthwhile, measured investments. I thank you all for your continued trust.



Mr. Arak Chonlatanon
Chairman of the Board



Message from Chief Executive Officer

This year, Thai AirAsia celebrates 10 years of growth in Thailand, during which we innovated and inspired the belief that “Now Everyone Can Fly”. As one of those present among the executives and personnel of this company from its very first day, I am proud to see that Thai AirAsia has overcome many obstacles to prove itself a leader in the low fare air travel industry.

In 2013, we continued to focus on markets with high growth potential, including the domestic market, China and Indochina. We set out to create the most extensive flight network as to be ready for all kinds of challenges, whether they be new airlines or the fast-approaching establishment of the ASEAN Economic Community.

In terms of new airlines entering the market, we have kept a close eye on the situation, but are confident that with our size and expertise, we will continue to enjoy a strong competitive advantage and lead the industry. Our short term plans to maintain leadership include acquiring 6-8 new Airbus A320 aircraft each year to be used in introducing new routes and to aid us in reaching our growth targets.

Thai AirAsia acted out all of its operational plans for 2013, which included increasing flight frequencies on the most popular domestic routes to stay ahead of competitors as well as introducing new domestic routes such as Phitsanulok and Khon Kaen and international routes including Siem Reap and Kunming.

However, in the final quarter of 2013, as many are aware, the political situation in Thailand impacted foreign travel, especially tourists from China. The circumstances required us to adjust our plans to create alternative travel opportunities that moved away from

“

In 2013, we continued to focus on markets with high growth potential, including the domestic market, China and Indochina. We set out to create the most extensive flight network as to be ready for all kinds of challenges

”

the capital and into other regions. We established the Fly-Thru service, which allowed international passengers to connect directly from Don Mueang Airport to provinces such as Chiang Mai, Phuket and Krabi as well as created regional connections such as Krabi-Chiang Mai, Krabi-Singapore and Chiang Mai-Hong Kong. The adaptation helped to keep foreign travelers visiting Thailand.

Thai AirAsia is superbly managed and has prepared contingencies for all possible eventualities that may take place this year. I assure you all that you may be confident we will continue to operate efficiently and grow robustly this year and for many years to come.



Mr. Tassapon Bijleveld
Chief Executive Officer

Board of Directors

Asia Aviation Public
Company Limited



Mr. Distorn Vajarodaya

*Director / Audit Committee /
Independent Director*



Mr. Arak Chonlatanon

*Chairman of the Board /
Chairman of the Audit Committee /
Independent Director*



Mr. Nuttawut Phowborom

Director / Audit Committee / Independent Director



Mr. Tassapon Bijleveld
Director



Captain Tanapat Ngamplang
Director



Mr. Pornanan Gerdprasert
Director



Mr. Preechaya Rasametnin
Director



M.L. Bovornovadep Devakula
Director



Mr. Santisuk Klongchaiya
Director

Board of Directors

Thai AirAsia
Company Limited



Mr. Arak Chonlatanon

*Chairman of the Board /
Chairman of the Audit Committee /
Independent Director*



Mr. Nuttawut Phowborom

*Director / Audit Committee /
Independent Director*

Dato Ahmad Farid Bin Ridzuan

*Audit Committee /
Independent Director*



Mr. Tassapon Bijleveld

Director



Mr. Pornanan Gerdprasert

Director



Mr. Preechaya Rasametnin

Director



Tan Sri Anthony Francis Fernandes

Director



Dato Kamarudin Bin Meranun

Director

**Management
Team**

Thai AirAsia
Company Limited



Mr. Tassapon Bijleveld

Chief Executive Officer



Mr. Pornanan Gerdprasert

Chief Financial Officer



Captain Tanapat Ngamplang

Director of Flight Operations



Mr. Preechaya Rasametnin

Director of Engineering



M.L. Bovornovadep Devakula

Director of Business Development



Mr. Santisuk Klongchaiya

Director of Commercial



Mr. Natthawach Siriwongsal

Director of Ancillary Revenue



1. Mr. Arak Chonlatanon

Position:	Chairman of the Board/ Chairman of the Audit Committee/ Independent Director
The date of appointment:	1 November 2012
Age (years):	63
Education:	<ul style="list-style-type: none"> • Bachelor Degree in Electronic Engineering, Chulalongkorn University • Thailand Energy Academy (TEA 1/2012) • The Capital Market Academy (CMA 9) • Directors Certification Program (DCP106) Thai Institute of Directors Association • The National Defence College of Thailand (NDC 4515) • Advance Management Program (AMP 153), Graduate School of Business Administration Harvard University

Number of Shares and Percentage of Asia Aviation PLC (%):¹ -

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2012 - present	Chairman of the Board / Chairman of the Audit Committee	Asia Aviation Plc.
2013 - present	Chairman of the Board / Chairman of the Audit Committee	Thai Airasia Co.,Ltd.
2012	Minister	Ministry of Energy
2011 - 2012	Member of the Board of Director	Mass Rapid Transit Authority of Thailand
2011	Advisor	Shin Corporation Plc.
2009 - 2011	Director/Chief Executive Officer	Thaicom Plc.
2009 - 2011	Director/Chairman of Executive Committee	CS Loxinfo Plc.
2009 - 2011	Member of Executive Committee	Advanced Info Service Plc.
2007 - 2011	Director/ Chairman of the Executive Committee-Media and New Business	Shin Corporation Plc.

Director/Management Position in other companies:

Listed Company	- None -
Non-listed company	• Thai AirAsia Co., Ltd.
Other company that competing with/related to the company	- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



2. Mr. Distorn Vajarodaya

Position:	Director/ Audit Committee/ Independent Director
The date of appointment:	13 December 2011
Age (years):	50
Education:	<ul style="list-style-type: none"> • Doctor of Business Administration Program in Management, Rattana Bundit University • Master of Business Administration in Business Management, Kasetsart University • Bachelor of Accounting, University of the Thai Chamber of Commerce • Director Accreditation Program (DAP 92) Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ -

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2011 - present	Director/ Audit Committee	Asia Aviation Plc.
2013 - present	Director	The Thai Insurance Plc.
2011 - present	Grand Chamberlain of the Royal Household	Bureau of the Royal Household
2007	Assistant Lord Chamberlain of the Royal Household	Bureau of the Royal Household
1999	Director	Bureau of the Royal Household

Director/Management Position in other companies:

Listed Company	• The Thai Insurance Plc.
Non-listed company	• Bureau of the Royal Household
Other company that competing with/related to the company	- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



3. Mr. Nuttawut Phowborom

- Position:** Director/ Audit Committee/ Independent Director
- The date of appointment:** 13 December 2011
- Age (years):** 49
- Education:**
- Master of Business Administration General Management, City University, USA
 - Bachelor Degree of Economics, The University of the Thai Chamber of Commerce
 - Directors Accreditation Program (DAP 28) Thai Institute of Directors Association (IOD)
 - Audit Committee Program (ACP 4) Thai Institute of Directors Association (IOD)
 - Role of the Compensation Committee (RCC 6) Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ -

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2011 – present	Director/ Audit Committee	Asia Aviation Plc.
2011 – present	Director/ Audit Committee	Thai AirAsia Co., Ltd.
2013 – Present	Audit Committee/ Independent Director	Finansa Plc.
2010 – Present	Audit Committee/ Independent Director	Matching Maximize Solution Plc.
2010 – present	Executive Director	KPN Music Co., Ltd.
2010	Chief Operating Officer	KPN Group Corporation Co., Ltd.
2007 – present	Director	K.N. and Associates Co., Ltd.
2006 – present	Director	Computer and Consultant Services Co., Ltd.
2006 – present	Director	PS Business Trading Corp.,Ltd.
2006 – present	Director	Siam Khonkaen Co., Ltd.
2006 – present	Director	MB Business Trading Corp.,Ltd.
2006 – present	Director	KPN Music & Entertainment Co., Ltd.
1996 – Present	Chief Financial Officer	KPN Group Corporation Co., Ltd.
2003 – 2012	Audit Committee	Prasit Pattana Plc.
2003 – 2012	Independent Director/ Chairman of the Remuneration Committee	Phayathai Hospital 1,2,3

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws

Director/Management Position in other companies:

Listed Company	<ul style="list-style-type: none">• Matching Maximize Solution Plc.• Finansa Plc.
Non-listed company	<ul style="list-style-type: none">• Thai AirAsia Co., Ltd.• KPN Group Corporation Co., Ltd.• KPN Music Co., Ltd.• K.N. and Associates Co., Ltd.• Computer and Consultant Services Co., Ltd.• PS Business Trading Corp.,Ltd.• Siam Khonkaen Co., Ltd.• MB Business Trading Corp.,Ltd.• KPN Music & Entertainment Co., Ltd.
Other company that competing with/related to the company	- None -



4. Mr. Tassapon Bijleveld

Position:	Director/ Chief Executive Officer (The director who is authorized to sign on behalf of the Company)
The date of appointment:	21 June 2007
Age (years):	46
Education:	<ul style="list-style-type: none"> • Master Degree of Science Thammasart University, Master in Marketing Program • Bachelor Degree of Business Administration Major in Marketing, Assumption University (ABAC) • Director Certification Program (DCP 148) Thai Institute of Directors Association (IOD) • Directors Accreditation Program (DAP 81) Thai Institute of Directors Association (IOD) • The Capital Market Academy (CMA 13)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ **28.16%**

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2007 - present	Director/ Chief Executive Officer	Asia Aviation Plc.
2004 - present	Director/ Chief Executive Officer	Thai AirAsia Co., Ltd.
2013 - present	Director	Thai AirAsia X Co., Ltd.
2013 - present	Director	Ivory Coffee Co., Ltd.
2012 - present	Director	Evermore Asset Co., Ltd.
2011 - present	Director	Dontree Leela Carabao Co., Ltd.
2010 - present	Director	Wealth Ventures Co.,Ltd.
2010 - 2013	Director	J J Siampattana Co., Ltd.
2011 - 2013	Director	Patty & Praemai Co., Ltd.
2006 - 2013	Director	AirAsia Go Holiday Co., Ltd.

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws

Director/Management Position in other companies:

Listed Company	- None -
Non-listed company	<ul style="list-style-type: none">• Thai AirAsia Co., Ltd.• Thai AirAsia X Co., Ltd.• Ivory Coffee Co., Ltd.• Evermore Asset Co., Ltd.• Dontree Leela Carabao Co., Ltd.• Wealth Ventures Co.,Ltd.
Other company that competing with/related to the company	- None -





5. Mr. Pornanan Gerdprasert

- Position:** Director/ Chief Financial Officer
(The director who is authorized to sign on behalf of the Company)
- The date of appointment:** 21 June 2007
- Age (years):** 47
- Education:**
- Master of Accounting, Thammasat University
 - Bachelor of Accounting, Thammasat University
 - Director Certification Program (DCP 142)
Thai Institute of Directors Association (IOD)
 - Directors Accreditation Program (DAP 81)
Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ **5.91%**

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2007 - present	Director/ Chief Financial Officer	Asia Aviation Plc.
2007 - present	Director	Thai AirAsia Co., Ltd.
2004 – present	Chief Financial Officer	Thai AirAsia Co., Ltd.

Director/Management Position in other companies:

Listed Company	- None -
Non-listed company	• Thai AirAsia Co., Ltd.
Other company that competing with/related to the company	- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws





6. Captain Tanapat Ngamplang

- Position:** Director/ Director of Flight Operations
(The director who is authorized to sign on behalf of the Company)
- The date of appointment:** 21 June 2007
- Age (years):** 57
- Education:**
- Master of Business Administration in International Business, Kirk University
 - Bachelor of Art in Public Administration, Sukhothai Thammathirat Open University
 - Bachelor of Science in Electrical Engineering, Royal Thai Air Force Academy
 - The National Defence College of Thailand (NDC 5222)
 - Air Command and Staff course 1993
 - Flying Safety Officers' Course of Royal Australia Airforce 1988
 - Squadron Officer course 1987
 - Flight instructor course 1982
 - Flight navigator course 1981
 - Royal Thai Air force pilot course 1980
 - Directors Certification Program (DCP143) Thai Institute of Directors Association (IOD)
 - Financial Statement For Directors class 11/2011 Thai Institute of Directors Association (IOD)



Number of Shares and Percentage of Asia Aviation PLC (%):¹ **5.79%**

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2007 - present	Director/ Director of Flight Operations	Asia Aviation Plc.
2008 - present	Director of Flight Operations	Thai AirAsia Co., Ltd.
2008 - 2011	Director	Thai AirAsia Co., Ltd.

Director/Management Position in other companies :

Listed Company	- None -
Non-listed company	• Thai AirAsia Co., Ltd.
Other company that competing with/related to the company	- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws





7. Mr. Preechaya Rasametnin

- Position :** Director/ Director of Engineering
(The director who is authorized to sign on behalf of the Company)
- The date of appointment :** 13 December 2011
- Age (years) :** 55
- Education :**
- Bachelor of Science in Mechanical Engineering, Royal Thai Air Force Academy
 - Directors Certification Program (DCP144) Thai Institute of Directors Association (IOD)
 - Financial Statement For Directors Class 11/2011 Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ **5.94%**

Relationship with other Management:² -

5 years past and present work experience

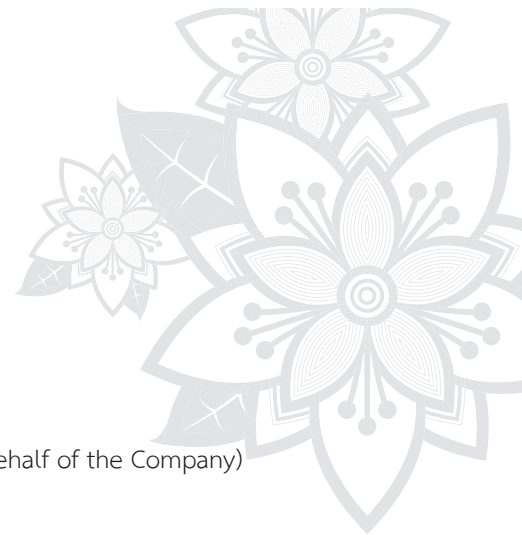
Period	Position	Company
2007 - present	Director / Director of Engineering	Asia Aviation Plc.
2007- present	Director	Thai AirAsia Co., Ltd.
2004 - present	Director of Engineering	Thai AirAsia Co., Ltd.

Director/Management Position in other companies:

Listed Company	- None -
Non-listed company	• Thai AirAsia Co., Ltd.
Other company that competing with/related to the company	- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



8. M.L. Bovornovadep Devakula

- Position:** Director/ Director of Business Development
(The director who is authorized to sign on behalf of the Company)
- The date of appointment:** 13 December 2011
- Age (years):** 52
- Education:**
- Bachelor of Science, State University of New York, USA
 - Diploma in Science, Kemper Military College, Missouri, USA
 - Directors Certification Program (DCP144)
Thai Institute of Directors Association (IOD)
 - Financial Statement For Directors class 12/2011
Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ **5.84%**

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2011 - present	Director / Director of Business Development	Asia Aviation Plc.
2004 - present	Director of Business Development	Thai AirAsia Co., Ltd.

Director/Management Position in other companies:

Listed Company	- None -
Non-listed company	• Thai AirAsia Co., Ltd.
Other company that competing with/related to the company	- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



9. Mr. Santisuk Klongchaiya

Position:	Director/ Director of Commercial (The director who is authorized to sign on behalf of the Company)
The date of appointment:	13 December 2011
Age (years):	48
Education:	<ul style="list-style-type: none">• Master Degree of Science Thammasart University, Master in Marketing Program• Bachelor Degree of Business Administration Major in Marketing, Assumption University (ABAC)• Directors Certification Program (DCP 143) Thai Institute of Directors Association (IOD)• Financial Statement For Directors Class 11/2011 Thai Institute of Directors Association (IOD)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ **2.92%**

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2011 - present	Director / Director of Commercial	Asia Aviation Plc.
2007 - present	Director of Commercial	Thai AirAsia Co., Ltd.

Director/Management Position in other companies:

Listed Company	- None -
Non-listed company	• Thai AirAsia Co., Ltd.
Other company that competing with/related to the company	- None -

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws

Director Profiles

Thai AirAsia
Company Limited



1. Mr. Arak Chonlatanon:

The date of appointment: 11 January 2013
(Details as referred in Asia Aviation Plc.)

2. Mr. Nuttawut Phowborom:

(Details as referred in Asia Aviation Plc.)

3. Dato Ahmad Farid Bin Ridzuan

Position Director/ Audit Committee/ Independent Director
The date of appointment 16 December 2011
Age (years) 53
Education

- Masters in Business Administration in International Business, US International University
- Bachelor of Business Administration degree (Marketing), Western Michigan University

Number of Shares and Percentage of Asia Aviation PLC (%):¹ -

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2011 - present	Director/ Audit Committee	Thai Airasia Co.,Ltd.
2012 - present	Director	Merit Idea Sdn Bhd
2005 - present	Director	Natseven TV Sdn Bhd
2005 - present	Director	Ch-9 Media Sdn Bhd
2003 - present	Director	Sistem Televisyen Malaysia Berhad
2003 - present	Director	Metropolitan TV Sdn Bhd
2002 - present	Director	Amity Valley Sdn Bhd
2002 - present	Director	Esprit Assets Sdn Bhd
2006 - 2013	Director	Media Prima Berhad
2002 - 2012	Director	Primeworks Studios Sdn Bhd
2005 - 2011	Director	Synchrosound Studio Sdn Bhd
2005 - 2011	Director	Max-Airplay Sdn Bhd

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



4. Tansri Anthony Francis Fernandes

Position	Director (The director who is authorized to sign on behalf of the Company)
The date of appointment	19 September 2003
Age (years)	50
Education	<ul style="list-style-type: none"> • Accountancy and Finance, London School of Economics • Honorary Doctorate of Business Innovation, Universiti Teknologi Malaysia (UTM)
Number of Shares and Percentage of Asia Aviation PLC (%):¹	-
Relationship with other Management:²	-
5 years past and present work experience	

Period	Position	Company
2003 - present	Director	Thai Airasia Co.,Ltd.
2001 - present	Executive Director	AirAsia Berhad
2003 - present	Director	AirAsia Investment Ltd.
2004 - present	Director	AirAsia (Mauritius) Limited
2006 - present	Non Independent, Non Executive Director	AirAsia X Berhad
2011 - 2013	Director	AirAsia Japan Co.,Ltd.
present	Director	AirAsia Inc.
2004 - present	Director	AirAsia Go Holiday Sdn Bhd
2011 - present	Director	Asian Aviation Centre of Excellence Sdn Bhd
2009 - present	Director	Asian Contact Centres Sdn Bhd
2008 - present	Director	Aero Ventures Sdn Bhd
2013 - present	Director	Big Duty Free Sdn Bhd
2009 - present	Director	1 Malaysia Racing Team Sdn Bhd
2011 - present	Director	Caterhamjet Malasia Sdn Bhd
2012 - present	Director	Caterham Tech (M) Sdn Bhd
2010 - present	Director	Caterham Ventures Sdn Bhd
2002 - present	Director	Crunchtime Culinary Services Sdn Bhd
2005 - present	Director	Dragonback Media Interactive Sdn Bhd
2013 - present	Director	Educ8 Group Sdn Bhd
2010 - present	Director	Epsom College Malaysia Sdn Bhd
1998 - present	Director	Intellectual Property Protection Sdn Bhd
2009 - present	Director	Kuala Lumpur Education City Sdn Bhd

¹Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



Period	Position	Company
2011 - 2012	Non Independent, Non Executive Director and Member of Executive Committee	Malaysian Airline System Bhd
present	Commissioner	PT Indonesia AirAsia
2012 - 2013	Director	Star Publications (Malaysia) Berhad
2012-present	Director	Think Big Digital Sdn Bhd
2001 - present	Director	Tune Air Sdn Bhd
2011 - present	Director	Tune Box Sdn Bhd
2008 - present	Director	Tune Group Sdn Bhd
2006 - present	Director	Tune Hotels Regional Services Sdn Bhd
2012 - present	Non Independent, Non Executive Director	Tune Ins Holdings Berhad
2006 - present	Director	Tune Hotels Sdn Bhd
2011 - present	Director	Tune Live Sdn Bhd
2007 - present	Director	Tune Longhaul Sdn Bhd
2006 - present	Director	Tune Money Sdn Bhd
2008 - present	Director	Tune Service Sdn Bhd
2006 - present	Director	Tune Sport Sdn Bhd
2010 - present	Director	Tune Studios Sdn Bhd
2006 - present	Director	Tune Talk Sdn Bhd
2007 - present	Director	Tune Tones Sdn Bhd
2011 - present	Director	Tune QPR Sdn Bhd
2000 - present	Director	Tuneasia.com Sdn Bhd
2009 - present	Director	Yayasan Satu Malaysia



5. Dato Kamarudin Bin Meranun

Position	Director (The director who is authorized to sign on behalf of the Company)
The date of appointment	12 November 2003
Age (years)	52
Education	<ul style="list-style-type: none"> • Master of Business Administration, (Finance) Central Michigan University • Bachelor of Science degree, magna cum laude (Finance), Central Michigan University • Diploma in Actuarial Science, University Technology MARA
Number of Shares and Percentage of Asia Aviation PLC (%)¹	-
Relationship with other Management:²	-
5 years past and present work experience	

Period	Position	Company
2003 - present	Director	Thai Airasia Co.,Ltd.
2001 - present	Executive Chairman	AirAsia Berhad
2003 - present	Director	AirAsia Investment Ltd.
2004 - present	Director	AirAsia (Mauritius) Limited
2006 - present	Non Independent, Non Executive Director	AirAsia X Berhad
2011 - 2013	Director	AirAsia Japan Co.,Ltd.
present	Director	AirAsia Inc.
2004 - present	Director	AirAsia Go Holiday Sdn Bhd
2013 - present	Director	All Agile Industries Sdn Bhd
2008 - present	Director	Aero Ventures Sdn Bhd
2013 - present	Director	Big Duty Free Sdn Bhd
2009 - present	Director	1 Malasia Racing Team Sdn Bhd
2011 - present	Director	Caterhamjet Malasia Sdn Bhd
2012 - present	Director	Caterham Tech (M) Sdn Bhd
2010 - present	Director	Caterham Ventures Sdn Bhd
2003 - present	Director	Chestar Properties Sdn Bhd
2012 - present	Director	DCS Energy Sdn Bhd
2002 - present	Director	Domeplex Consolidated Sdn Bhd

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



Period	Position	Company
2005 - present	Director	Dragonback Media Interactive Sdn Bhd
2013-present	Director	Educ8 Group Sdn. Bhd.
2012 - present	Director	Epsom College Malaysia Sdn Bhd
2000 - present	Director	Incam Consulting Sdn Bhd
2000 - present	Director	Incam Corporation Sdn Bhd
2000 - present	Director	Incam Equity Sdn Bhd
1996 - present	Director	Incam Global Sdn Bhd
2000 - present	Director	Incam Resources Sdn Bhd
2009 - present	Director	Intrinsic Capital Management Sdn Bhd
2010 - present	Director	Kuala Lumpur Education City Sdn Bhd
1993 - present	Director	Meranun Sdn Bhd
2008 - present	Director	Muncul Juara Sdn Bhd
2011-2012	Non Independent, Non Executive Director and Member of Executive Committee	Malaysian Airline System Bhd
1991 - present	Director	Music Works Sdn Bhd
1993 - present	Director	Nescorp Resources Sdn Bhd
2007 - present	Director	New Haven Resort Sdn Bhd
2008 - present	Director	Pacific Gem Sdn Bhd
2001 - present	Director	Persian Beauty Sdn Bhd
present	Commissioner	PT Indonesia AirAsia
1995 - present	Director	Raindance Music Sdn Bhd
1995 - present	Director	Red Podium Sdn Bhd
2001 - present	Director	Tune Air Sdn Bhd
2011 - present	Director	Tune Box Sdn Bhd
2008 - present	Director	Tune Group Sdn Bhd
2008 - present	Director	Tune Hotels Regional Services Sdn Bhd
2007 - present	Director	Tune Hotels Sdn Bhd



Period	Position	Company
2013 - present	Non - Independent and Non - Executive Director	Tune Ins Holdings Berhad
2011 - present	Director	Tune Live Sdn Bhd
2007 - present	Director	Tune Longhaul Sdn Bhd
2007 - present	Director	Tune Money Sdn Bhd
2008 - present	Director	Tune Service Sdn Bhd
2010 - present	Director	Tune Studios Sdn Bhd
2007 - present	Director	Tune Talk Sdn Bhd
2010 - present	Director	Tune Tones Sdn Bhd
2011 - present	Director	Tune QPR Sdn Bhd
2005 - present	Director	Tuneasia.com Sdn Bhd
2005 - present	Director	Wheatley Sdn Bhd
2008 - present	Director	Sofa Al Azhar Sdn Bhd
2006 - present	Director	Yayasan Pendidikan Titiwangsa

6. Mr. Tassapon Bijleveld

(Details as referred in Asia Aviation Plc.)

The date of appointment: 19 September 2003

7. Mr. Pornanan Gerdprasert

(Details as referred in Asia Aviation Plc.)

The date of appointment: 21 June 2007

8. Mr. Preechaya Rasametnin

(Details as referred in Asia Aviation Plc.)

The date of appointment: 21 June 2007



1. Mr. Tassapon Bijleveld

(Details as referred in Asia Aviation Plc.)

2. Mr. Pornanan Gerdprasert

(Details as referred in Asia Aviation Plc.)

3. Captain Tanapat Ngamplang

(Details as referred in Asia Aviation Plc.)

4. Mr. Preechaya Rasametanin

(Details as referred in Asia Aviation Plc.)

5. M.L. Bovornovadep Devakula

(Details as referred in Asia Aviation Plc.)

6. Mr. Santisuk Klongchaiya

(Details as referred in Asia Aviation Plc.)

7. Mr. Natthawach Siriwongsal

Position Director of Ancillary Revenue
Age (years) 40
Education

- Master Degree of Science Thammasart University, Major in Marketing Program
- Bachelor Degree of Business Administration Major in Finance, Assumption University (ABAC)

Number of Shares and Percentage of Asia Aviation PLC (%):¹ -

Relationship with other Management:² -

5 years past and present work experience

Period	Position	Company
2011 - present	Director of Ancillary Revenue	Thai Airasia Co.,Ltd.
2009 - 2011	Head of Marketing and GTM of Mobile Communications	LG Electronics (Thailand) Ltd.
2007 - 2009	Group Brand Manager	Pepsi-Cola (Thai) Trading Ltd.

¹ Including the shareholding from spouse and minor child

² Family relationship means relation from blood, wedding and registered by laws



General Information

General Information

Company name:

Asia Aviation Public Company Limited (AAV)

Type of business:

A holding company investing in business of low-cost airline or relevant business in relation to airline operation

Head Office:

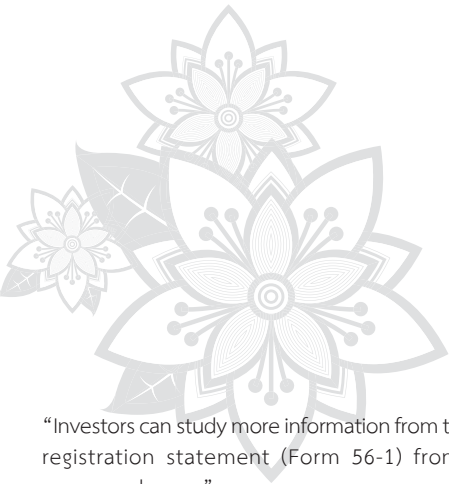
No. 222, Don Mueang International Airport, 3rd Floor,
Central Office Building, Room no. 3200, Vibhavadi
Rangsit Road, Don Mueang, Bangkok 10210
Tel: (66) 2-562-5700
Fax: (66) 2-562-5705
www.aavplc.com

Registration number

0107554000313

**Authorized and paid-up capital
as at December 31, 2013:**

Common stock of 4,850,000,000 shares at the par
value of Baht 0.10 amounted Baht 485,000,000



“Investors can study more information from the company’s annual registration statement (Form 56-1) from www.sec.or.th or www.aavplc.com”

Subsidiary’s General Information

Subsidiary name:

Thai AirAsia Company Limited

Type of business:

A low-cost airline or relevant business in relation
to airline operation

Head Office:

No. 222, Don Mueang International Airport, 3rd Floor,
Central Office Building, Room no. 3200, Vibhavadi
Rangsit Road, Don Mueang, Bangkok 10210
Tel: (66) 2-562-5700
Fax: (66) 2-562-5705

**Authorized and paid-up capital
as at December 31, 2013:**

Common stock of 43,555,560 shares at the par
value of Baht 10 amounted Baht 435,555,600

Shareholding:

55.0%

References

Registrar:

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey, Bangkok 10110
Tel: (66) 2-229-2800
Fax: (66) 2-359-1259
www.tsd.co.th

Auditor

PricewaterhouseCoopers ABAS Ltd.
15th Floor, Bangkok City Tower, 179/74-80 South
Sathorn Road, Bangkok 10120
Tel: (66) 2-286-9999, (66) 2-344-1000
Fax: (66) 2-286-5050
www.pwc.com/th

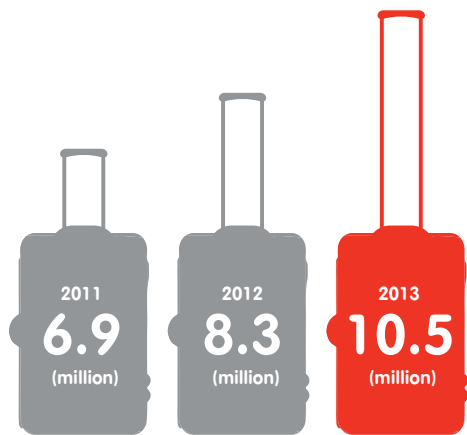
Financial Highlights

	Unit: Baht million		
	2011	2012	2013
Statement of comprehensive income			
Revenues	8,123	16,103	23,485
Net profit	1,014	15,877	1,908
Net profit attributable to owners of the parent	1,014	15,513	1,043
Statement of financial position			
Total assets	2,311	34,609	44,935
Total liabilities	2,216	9,891	18,260
Equity attributable to owners of the parent	95	18,259	19,346
Total shareholders' equity	95	24,718	26,675
Statement of cash flows			
Net cash generated from (used in) operating activities	262	2,643	3,692
Net cash generated from (used in) investing activities	24	(1,830)	(5,238)
Net cash generate from financing activities	127	2,296	(436)
Net cash flow from operating activities	413	3,109	(1,982)
Key financial ratios			
Net profit margin ⁽¹⁾	12.5%	96.3%	4.4%
Return on assets ⁽²⁾	4.7%	84.2%	2.6%
Return on equity ⁽³⁾	N.A.	169.0%	5.5%
Basic earnings per share (Baht per share)	0.25	3.41	0.22

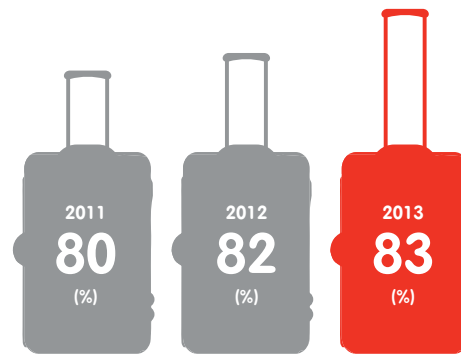
1) Net profit margin = Net profit attributable to owners of the parent / Revenues

2) Return on assets = Net profit attributable to owners of the parent / Total assets (Average)

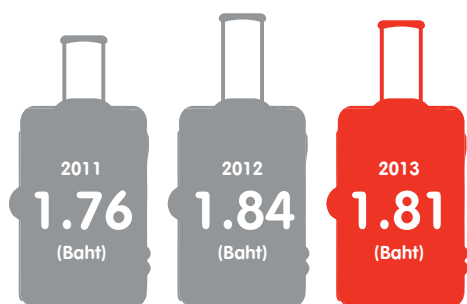
3) Return on equity = Net profit attributable to owners of the parent / Equity attributable to owners of the parent (Average)



Passenger carried



Load factor ⁽¹⁾



Revenue per ASK (RASK) ⁽⁵⁾



Cost per ASK (CASK) ⁽⁶⁾



Number of aircraft at period end

For the year ended December 31

	2011	2012	2013
Operating data			
Capacity (million seats)	8.6	10.1	12.6
Passenger carried (million)	6.9	8.3	10.5
Load factor (%) ⁽¹⁾	80	82	83
ASK (million) ⁽²⁾	9,199	10,499	12,951
RPK (million) ⁽³⁾	7,389	8,618	10,829
Average fare (Baht) ⁽⁴⁾	1,942	1,977	1,885
Revenue per ASK (Baht) ⁽⁵⁾	1.76	1.84	1.81
Cost per ASK (Baht) ⁽⁶⁾	1.58	1.69	1.67
Cost per ASK (non-fuel) (Baht) ⁽⁷⁾	0.89	0.94	0.95
Number of aircraft at period end	22	27	35
Number of stages flown			
International	20,251	23,224	28,637
Domestic	27,328	32,843	41,512
Total	47,579	56,067	70,149
Average stage length (kilometer) ⁽⁸⁾	1,074	1,040	1,026
Aircraft utilization (block hours per day) ⁽⁹⁾	11.5	11.5	11.7
Ancillary revenue (Baht million)	2,627	2,941	3,759
Ancillary revenue per passenger (Baht)	383	354	358
Fuel consumption (million barrel)	1.60	1.87	2.34
Company's average market jet fuel price (US\$ per barrel) ⁽¹⁰⁾	124.0	126.7	122.8
On time performance (%) ⁽¹¹⁾	84	83	92

1) Represents the number of passengers carried as a proportion to capacity, which is the number of seats available for passengers (180 seats for Airbus A320)

2) Available seat kilometers, which is the total number of seats available on scheduled flights multiplied by the number of kilometers these seats were flown

3) Revenue passenger kilometers, which is the number of paying passengers carried on scheduled flights multiplied by the number of kilometers those seats were flown

4) Calculated as Thai AirAsia's total passenger revenues and fuel surcharge divided by total number of passengers carried

5) Calculated as Thai AirAsia's revenues divided by ASK

6) Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) divided by ASK

7) Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) less fuel costs divided by ASK

8) Represents the average number of kilometers flown per flight

9) Represents the average block hours per day per aircraft during the relevant period. Block hours is calculated by measuring the duration between the time of departure of an aircraft and the time of arrival at its destination.

10) Calculated as average fuel price of Jet kerosene for the period (MOPS price)

11) A flight is deemed "on time" if the actual departure time is no more than 15 minutes of the scheduled departure time.



Company Policy and Business Overview

Business overview

As Asia Aviation is a holding company who currently makes an investment only in Thai AirAsia, the business overview, thus, shall be deemed at the operating company Thai AirAsia.

Thai AirAsia is the leading Thai low-cost carrier (LCC) with the vision of being leading low fare airline in the region. Providing to guest low fare, quality service, safety and reliability we serve without compromising our level of service. Beside, we have mission to operate at the lowest cost in the industry to revolutionize air travel and open up opportunity that “Now Everyone Can Fly”. Thai AirAsia focuses on providing high-frequency service on short-haul, point-to-point international and domestic routes within the four-hour flight time from our hubs in Bangkok (Don Mueang International Airport), Phuket and Chiang Mai. This gives us access to population in Southeast Asia, India, and southern part of China. Thai AirAsia believes in stimulating air travel among a population that previously could not afford to travel by air or who live in areas not serviced by other airlines to use our service.

Our business model is based on that of AirAsia Berhad (AAB), who operates a low-cost carrier under the “AirAsia” brand in Malaysia. The Company believes our simple single-class; single type fleet configuration, point-to-point operations, high aircraft utilization, scale, distribution channels and extensive route network provide us with a cost advantage over other Thai airlines and one that compares favorably with other LCCs around the world. Our low costs, low fares, strong brand and marketing and reliable service have enabled us to continuously expand our operations since our inception in 2004.

Background

Asia Aviation Public Company Limited (“Asia Aviation” or “Company”) was incorporated on February 14, 2006 as a company limited with a registered capital of Baht 410,000,000, being common shares of 41,000,000 shares at the par value of Baht 10 per share. The Company is a holding company, which makes an investment only in the low-cost carrier business under Thai AirAsia Company Limited (“Thai AirAsia”).

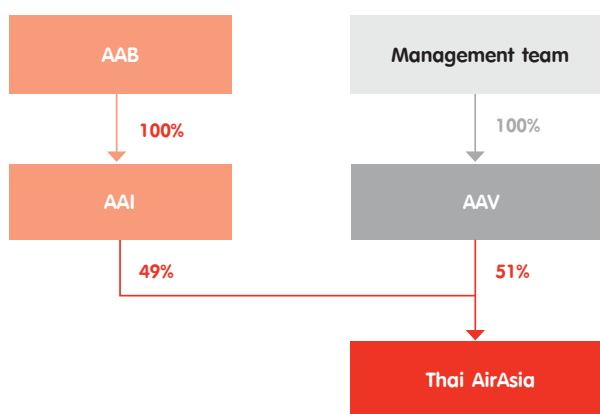


On June 21, 2007 management team, consisting of chief executive officer and high-level management personnel, did a buyout on Asia Aviation from the shareholders at that time as the management team has foreseen the growth potential of Thai AirAsia. In November 2011, Asia Aviation acquired an additional 1% shareholding from Mr. Tassapon Bijleveld and held 51% in Thai AirAsia. Asia Aviation then became the public company on December 26, 2011 with a registered capital of Baht 485,000,000 and a paid-up capital of Baht 410,000,000 being common shares of 4,100,000,000 shares at the par value of Baht 0.10 per share. On May 31, 2012 Asia Aviation Plc. was listed in the Stock Exchange of Thailand under ticker name “AAV” with the fully paid-up capital. The Company used the proceeds from the Initial Public Offering (IPO) to subscribe the newly issued shares of Thai AirAsia, which increased its shareholding to a current of 55% in Thai AirAsia.

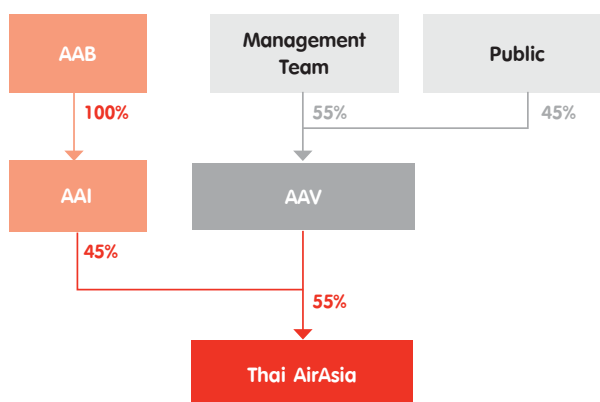
Thai AirAsia was incorporated on September 19, 2003 to operate a low-cost carrier business with a registered capital of Baht 400,000,000. It is a joint venture between Asia Aviation, who held 51% shareholding in Thai Asia (Pre-IPO), and AirAsia Investment (AAI), who held 49%. AAI is a holding company wholly owned by AirAsia Berhad (AAB). AAB is a listed company in Bursa Malaysia who operates a low cost carrier AirAsia in Malaysia. On 29 May 2012, Thai AirAsia has increased its registered capital to Baht 435,555,600, being the common shares of 43,555,560 shares at the par value of Baht 10 per share. Asia Aviation has subscribed the newly issued shares, raising its shareholding to 55% while AAI was diluted to 45%.

Investment structure

Pre-IPO:



Post-IPO (as at December 31, 2013):



Key Milestones of Asia Aviation and Thai AirAsia

February 2006

Asia Aviation was incorporated and acquired 50% of shares in Thai AirAsia.

February 2004

Thai AirAsia began operating domestic air services under the Thai AirAsia brand from Bangkok's Don Mueang Airport to Hat Yai (Songkhla), Phuket and Chiang Mai with two Boeing 737 aircraft.

Thai AirAsia also began operating our first international flight from Bangkok to Singapore.

October 2007

Thai AirAsia received our first Airbus A320 aircraft.

September 2007

Thai AirAsia moved our hub from Don Mueang International Airport to Suvarnabhumi International Airport.

November 2009

Thai AirAsia launched our second hub in Phuket.

August 2010

Thai AirAsia ceased operating the Boeing 737 aircraft and our fleet comprised a single aircraft type, the Airbus A320.



May 2012

Asia Aviation was listed in the Stock Exchange of Thailand (SET) and has 55% shareholding in Thai AirAsia.

October 2012

Thai AirAsia moved our hub from Suvarnabhumi International Airport to Don Mueang International Airport.

September 2012

Thai AirAsia received our first aircraft under finance lease term.

December 2012

Thai AirAsia operated 27 aircraft (2 aircraft under finance leases) with 174 flights per day to 30 destinations domestically and internationally.

December 2013

Thai AirAsia reopened our third hub in Chiang Mai
Thai AirAsia operated 35 aircraft (8 aircraft under financial lease) with 803 flights per week to 36 destinations domestically and internationally.

October 2013

Thai AirAsia launched new route from Bangkok to Siem Reap 10 flights per week.



Nature of Business



As Asia Aviation is a holding company who currently makes an investment only in Thai AirAsia and has no revenue generating from other business, the revenue breakdown, thus, shall be considered at the operating company level Thai AirAsia.

Revenue breakdown of Thai AirAsia according to the financial statements ended December 31, 2011-2013 is shown with details below.

For the year ended December 31

	2011		2012		2013	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues						
Passenger revenues	12,681.6	75.6	14,876.3	74.9	17,403.3	71.3
Baggage handling and other service fees	2,805.3	16.7	3,455.8	17.4	4,703.5	19.3
Charter revenue	325.8	1.9	660.5	3.3	971.0	4.0
In-flight revenue	185.5	1.1	196.7	1.0	225.0	0.9
Freight revenue	159.4	1.0	159.5	0.8	182.2	0.7
Revenues	16,157.6	96.4	19,348.9	97.4	23,485.0	96.2
Other revenues						
Net gain on exchange rates	155.3	0.9	68.4	0.3	258.1	1.1
Other income	451.1	2.7	450.0	2.3	669.9	2.7
Total other revenues	606.4	3.6	518.5	2.6	928.0	3.8
Total revenues	16,764.0	100.0	19,867.4	100.0	24,413.1	100.0

Asia Aviation and Thai AirAsia business

Asia Aviation operates as a holding company, which currently only holds investment in Thai AirAsia. Thai AirAsia operates a low-cost carrier business with a single type fleet of Airbus A320s, generating revenue from scheduled passenger services and ancillary services.

Scheduled passenger services

Thai AirAsia provides scheduled passenger air travel services at the fares lower than the one offered by full service airlines to price sensitive business and leisure air travel passengers. Such fare does not include services such as baggage fee, seat selection fee, on-board food and beverages and other services. However, passengers could pay for those services (frills), in which the revenue will be recorded under the ancillary services. In 2013, Thai AirAsia flew approximately 10.5 million passengers, 60.5% of which were passengers on routes within Thailand, and 39.5% of which were passengers on the international routes.



“

Thai AirAsia has continuous plan in network expansion both in terms of new destinations and increased frequencies in order to capture dominance in low-cost carrier market especially in the domestic market.

”

Network of International and Domestic Routes Thai AirAsia Co., Ltd.



Thai Air Asia Hub In Thailand

- Don Mueang Int. Airport, Bangkok
- Phuket Int. Airport
- Chiang Mai Int. Airport

- International Route
- Domestic Route



Our Network and Schedules

Thai AirAsia focuses on short-haul routes to airports in and around major population centers and travel destinations, typically operating within radius of up to 3,500 kilometers and a flight duration of up to four hours from the Hub. Thai AirAsia route network offers frequent point-to-point services, without connections, and not scheduled in parking our aircraft at airports overnight (other than our hub airports in Don Mueang (Bangkok), Phuket and Chiang Mai).

Our route network covers a total of 36 cities across 9 countries in Asia. As of December 31, 2013, it was covering 21 international destinations and 15 domestic destinations with 24 international routes and 19 domestic routes. The map below shows our international and domestic route network as of December 31, 2013.

AirAsia Group Network

Our customers have access to the combined route network under AirAsia Group in countries such as Malaysia, Indonesia, and Philippines that covers 121 destinations in 22 countries.

Network Expansion

When considering adding a new route to our network, Thai AirAsia takes into account factors such as potential load factors, the population density and tourism industry at the point of departure and destination, current and potential competition, airport fees, traffic rights and distance. This process of new routes opening typically takes three months and those new routes are to be approved by Thai AirAsia's Board of Directors as part of their approval of Thai AirAsia's budget. If a new route is not profitable after a trial period of between six to eight months, we either lower the frequency of the route or cancel the route.

In 2013, Thai AirAsia has 6 new domestic and international destinations being: Bangkok to Siem Reap, Bangkok to Khon kaen, Bangkok to Kunming, Bangkok via Krabi to Singapore, Bangkok to Phitsanulok, and Chiang Mai to Krabi. The expansion will focus on potential market with high growth in travel demand especially China. Additionally, Thai AirAsia also increases frequencies in dominant destinations in the domestic and Indochina region. The airline has continuous plan in network expansion both in terms of new destinations and increased frequencies in order to capture dominance in low-cost carrier market especially in the domestic market. With the upcoming open skies policy in near future, Thai AirAsia has foreseen the opportunities in expanding more internationally to support the passenger growth for connecting people travelling among the countries within this region.

Ancillary Services

Thai AirAsia provides various ancillary services to the passengers, starting from the services before boarding, inflight services, and other services in relation to our air passenger services. These services generate another stream of revenue in addition to Thai AirAsia's core revenue from schedule passenger service. Ancillary revenue is accounting for 16.3%, 15.2% and 16.0% of our revenues in 2011, 2012 and 2013 respectively, which are grouped into categories as below.

Services before Boarding and Fees

Thai AirAsia offers a range of products and services to passengers on AirAsia Group's website and at the check-in counter as follows:

Check-in luggage: charges are based on the weight of the luggage that passengers are checking in and upon the timing of purchase. Prebooking the check-in luggage at the time of reservation will have lower fees than checking in the luggage at the counter. In addition, there will be additional charges on luggage in excess of prebooked or in excess of 15 kilograms at the check-in counter.

Seat selection: passenger can select preferred seats on the flight upon paying a fee for the hot seat, which are seats on the first five rows and emergency exit rows, and other seats.

Check-in sport equipment: passenger can check-in sport equipment upon paying a fee such as golf club, diving equipment, surf board or other equipment larger in size with the limit of 20 kilograms in addition to the check-in luggage.

Booking and processing fees: Passenger who makes booking via our call center, sale offices, airport sales counters and our sales booths at Tesco Lotus is subject to a booking fee. Passenger could request for the name change and itinerary change no lesser than 48 hours prior to their departure and will be subject to the processing fees.

Convenience fees: Passenger could pay for the air ticket with credit card or direct debit upon paying convenience fees for such payment.

AA insure: Passenger could buy travel insurance coverage under AA insure with cooperation with Krungthai Panich Insurance Co., Ltd., which will benefit from insurance against accidental death and dismemberment, trip cancellation, flight delay, damage to luggage and personal effects and others. Thai AirAsia will generate revenue from this service through fees upon using the AirAsia website in selling such insurance.

In-flight Services

One of our in-flight services includes the sale of beverages and food to passengers onboard. Passenger who prebooked online during reservation will have a wide range of menus for selection as well as a discount from the price selling onboard, in which the food will also be served first prior to the sale of in-flight beverages and food. Passenger could do prebooking on such service no lesser than 24 hours prior to the departure.



One of our in-flight services includes the sale of beverages and food to passengers onboard. Passenger who prebooked online during reservation will have a wide range of menus for selection as well as a discount from the price selling onboard



Additionally, Thai AirAsia offers merchandise including souvenirs (such as airplane model and graphic T-shirt), travel gadgets (such as phone chargers and earphones) seasonal or festive items and travel essentials (such as luggage locks and pillow & comforter kits). Through King Power International, Thai AirAsia also offers duty free products which can be purchased on our international flights using cash and credit cards.

Other Services

Aircraft In-flight Branding

Thai AirAsia generates revenue by providing advertising space on each of our aircraft in places such as the overhead bin compartments, meal trays, inside the washrooms, on the rear of each seat as well as on the rear of each Boarding pass.

AirAsia Go/ AirAsia Expedia

AirAsia Go/ AirAsia Expedia is an online travel portal through which the AirAsia Group is able to offer packages which include our flights, hotels, tours, transportation options and events. Thai AirAsia derives revenue from AirAsia Go/ AirAsia Expedia only with respect to the ticket price of the flights that Thai AirAsia provides as part of the travel package.

Freight

Thai AirAsia offers limited freight service on our scheduled flights, including courier and mail services. As our core business involves providing passenger air travel services, freight services are only provided if additional space is available in an aircraft.

Pricing and Revenue Management

Thai AirAsia has a multiple fare structure per route, in which factors such as market demand, competition, historical performance and forecasts will be considered in determining how many seats to allocate to each fare level for each flight and each departure date. Generally, our policy is not to lower our fares once they have been published, and as there are a limited number of seats in the lower fare level, the earlier a passenger books a seat, the more likely it is that the passenger will be able to purchase seat at the lowest published fare. All of our fares are priced based on one-way travel. Seats must be purchased at the time of reservation and are non-refundable except for the portion relating to any applicable airport tax. However, the time of travel (other than in the case of promotional fares) can be changed up to 48 hours prior to departure subject to the processing fee and the payment of the fare difference.

Thai AirAsia uses the same revenue management system that is used by AirAsia Berhad, which facilitates daily monitoring and inventory allocation decisions by making recommendations on pricing adjustments to be made on the basis of the lowest price consistent with demand and profitable operations. In addition, the Company continuously analyzes booking trends, addresses routes that require adjustments and discusses promotions.



While Thai AirAsia seeks to maximize our revenue, our low-cost structure enables us to offer fares that are on average lower than our full-service competitors on the same routes. Moreover, Thai AirAsia periodically offers promotional fares that are more discounted than our already low fares to promote less popular routes.

Distribution and Sales

Thai AirAsia has three principal distribution channels, the Internet, direct sales through our sales offices and call centers, and indirect sales. All travel with us is through electronic tickets, thereby reducing costs associated with printing, mailing and modifying tickets, as well as re-issuing lost or stolen tickets. As at December 31, 2013, Thai AirAsia has proportion of our total bookings sold through the Internet 78%, direct sales 19% and indirect sales 3%.

Internet Sales

Thai AirAsia sells our ticket online via www.airasia.com which is the AirAsia Group website for online booking, which are paid for by credit card or direct debit. To encourage Internet reservations, our lowest fares (which include our promotional fares) are available only through the AirAsia Group website. In 2013 internet sales accounted for 78% of total bookings, in which the trend is expected to continue in the future. As online bookings lower our costs by reducing operating costs, the Internet is our lowest-cost distribution channel.

Thai AirAsia uses a common reservations and ticketing platform with the wider AirAsia Group. As a result, customers can purchase tickets not just to destinations that Thai AirAsia flies to, but also to any destinations flown to by any of the other members of the AirAsia Group. All sales using the www.airasia.com website will be recorded to Thai AirAsia's account for flights that it operates.

Direct Sales

Direct sales are made at sales offices, ticket counters at airports that Thai AirAsia flies, call centers and for group bookings. Our direct sales accounted for 19% of total bookings in 2013, in which are paid for by cash, credit card or debit card. Booking via call centers could be paid for by cash at any branch of Siam Commercial Bank, Bangkok Bank and KBank and counter services of 7-Eleven stores throughout Thailand.

Indirect Sales

Third Party Travel Agents

Thai AirAsia has two types of travel agents network, being "sky agents" who are travel agents registered with Thai AirAsia and maintained a prepaid account which bookings made by their guests are debited and being "BSP agents" who are members of, and have credit limits with International Air Transport Association (IATA).





Go Corporate Bookings

Thai AirAsia offers our GoCorporate package to business travelers who maintain corporate accounts with us, providing them with a hassle-free way of booking online with a corporate discount. Hence, our indirect sales accounted for 3% of total bookings in 2013 with the aforementioned channels.

Advertising and Promotions

Thai AirAsia benefits from the brand of the AirAsia name, which the Company has licensed from AirAsia Berhad. Thai AirAsia and AirAsia Berhad entered into an agreement, whereby AirAsia Berhad provides certain marketing services to Thai AirAsia in exchange for a fee.

Thai AirAsia allocates budget for our marketing campaigns and activities every year, in which the Company is selective in determining the advertising medium and usually use print, supported by radio and billboards to advertise our promotional fares. Thai AirAsia regularly offers promotional fares that are more discounted than our already low fares. For example, Thai AirAsia typically conducts two scheduled promotions a year, timed to launch ticket sales for flights during the industry's low flying seasons, in which the airfare component may be as low as Baht zero.

Customer Service

Thai AirAsia is committed to providing high quality customer service by providing our guests with a safe, low-cost, valuable, reliable and friendly service.

Thai AirAsia continuously monitors our on-time performance. Our average on-time performance (which measures the proportion of flights departing within 15 minutes of the scheduled departure time) in 2013 was 92%. Our ground support service has a system in place to inform guests of delayed or cancelled flights by SMS or telephone. Guests that cannot be contacted through these means are notified at the check-in counter.

To provide the highest quality customer service, Thai AirAsia strives to employ staff who speak English and who are outgoing, friendly and professional. Staffs are selected through a rigorous recruitment process, which is followed by extensive and ongoing training and performance management activities. The airline specifically budgets for training for each customer service personnel every year to ensure staffs are fully prepared to assist passengers effectively and efficiently.

Products or Services Procurement

Thai AirAsia's Fleet

As at December 31, 2013, Thai AirAsia has Airbus A320 fleet of 35 aircraft, being 34 operational aircraft and 1 spare aircraft. Thai AirAsia has entered into the aircraft's operating leases with AirAsia Mauritius (AAM), a subsidiary of AAB, on 27 aircraft and into the financial lease with financial institutions on 8 aircraft, with the term of 12 years on both types of leases. Thai AirAsia is expected to receive 8 more new A320 deliveries in 2014.

The Airbus A320 aircraft has a proven track record of reliability in short-haul, high frequency operations. By building a uniform fleet, costs for spare parts and training are reduced, allowing us to keep fares low. Having a uniform fleet also means that almost any aircraft may be used for any route, thereby simplifying and increasing the flexibility of our flight scheduling arrangements. As all of Thai AirAsia's aircraft are Airbus A320s, Thai AirAsia enjoys cost savings from operating one aircraft type. Each of our Airbus A320 aircraft is configured to seat a single class of 180 seats. As at December 31, 2013, Thai AirAsia has an average fleet age of 3 years and 1 month with the aircraft utilization rate of 11.7 hours per day.

Thai AirAsia analyzes our aircraft procurement needs independently from the other members of the AirAsia Group. However, AirAsia Berhad consolidates the respective requirements of each member of the AirAsia Group and places a consolidated order for the required number of aircraft from Airbus - the aircraft manufacturer. This enables us to benefit from bulk discounts off the official list price of such aircraft and priority of delivery dates over some non-AirAsia Group airlines.



“

Thai AirAsia is committed to providing high quality customer service by providing our guests with a safe, low-cost, valuable, reliable and friendly service.

”

Thai AirAsia has received taxes incentive granted by the Board of Investment for nine projects, comprised of 32 aircraft, of which 15 aircraft had been delivered, granted with the privileges including (a) exemption from payment of import duty on machinery approved by the Board of Investment, (b) exemption from payment of income tax on net profit from promoted operations for a period of eight years from the date on which income is deemed to be first derived from such operations, subject to a maximum exempt on a range of Baht 415.0 Million to Baht 447.3 million, as the case may be for the first eight projects and amounting to Baht 13,360.1 million for the ninth project (c) a five-year carry forward period for losses for tax purposes from promoted operations from the expiry of the eight-year period and (d) exemption from income tax on dividends paid to shareholders from the profit of promoted operations during the corporate tax exemption period. Thai AirAsia shall comply with various terms and conditions set by the Board of Investment in order have such privileges. For the upcoming new aircraft to be added into the fleet, Thai AirAsia is in the process of planning for application to the Board of Investment upon further approval in granting similar privileges.

Fuel

Fuel is a major cost component for airlines, in which Thai AirAsia's fuel costs in 2011, 2012 and 2013 were Baht 6,405.8 million, Baht 7,861.2 million and Baht 9,386.3 million, accounting for 44.0%, 44.4% and 43.4% of Thai AirAsia's total operating costs and expenses, respectively.

Thai AirAsia purchases a substantial majority of our fuel from PTT and Shell Thailand with the benchmark of fuel prices against Mean of Platts Singapore (MOPS). Jet kerosene prices, and therefore fuel prices, are extremely volatile and are subject to many global economic and geopolitical factors. Thus, Thai AirAsia implements various fuel management strategies to manage the risk of rising fuel prices, including hedging. Thai AirAsia has combined the hedging contracts with AirAsia Berhad to manage the risk of any price movements of fuel in the world market.

In addition to hedging fuel prices, Thai AirAsia has implemented the following fuel management strategies in order to reduce costs and minimize inherent risks:

Fuel policy: Thai AirAsia controls our fuel supply by uplifting as much fuel as possible within optimal limits and regulatory requirements, in destinations where fuel is least expensive, to facilitate the use of the least expensive fuel stock.

Payment upfront: Upfront payment for all purchases gives Thai AirAsia a negotiating power to obtain better pricing.

Fuel consumption policy: Thai AirAsia attempts to minimize fuel consumption by establishing clear guidelines covering all areas of flight operations so that aircraft fuel burn rates can be maintained at a functional minimum.

Fuel surcharge: Thai AirAsia re-introduced fuel surcharges for all of our international routes, in which the fees based on the flying hours of each route. The DCA prohibits the imposition of fuel surcharges that are separate from air fares for domestic routes.

Major Customers

No customer contributed more than 30% of our total revenue in 2011, 2012 and 2013. Customers mainly consist of individuals traveling by air.

Major Suppliers

In 2011, 2012 and 2013, the only supplier which accounted for 30% or more of our total operating costs and expenses was PTT. Our jet fuel purchases from PTT accounted for 31%, 31% and 30% of our total

operating costs and expenses in 2011, 2012 and 2013, respectively.

Nevertheless, Thai AirAsia believes that comparable jet fuel supply, in terms of quality and quantity, and support is available from other established suppliers. Save as disclosed above, there are no other suppliers which accounted for 30% or more of our total operating costs and expenses in 2011, 2012 and 2013.

Maintenance and Spare Parts

Maintenance

Thai AirAsia provides line maintenance and light maintenance, which is maintenance below a “C” level check (conducted at 6,000-hour intervals) for all of our aircraft. Any maintenance above a “C” level check or any structural repairs is outsourced to other certified maintenance, repair and overhaul (“MRO”) service providers such as Thai Airways International and Thai Aviation Industries in Thailand, ST Aerospace in Singapore or Sepang Aircraft Engineering in Malaysia. Through the AirAsia Aircraft Lease Agreements, Thai AirAsia is able to rely on manufacturer’s warranties and product support granted to AirAsia Berhad.

Spare Parts

Thai AirAsia maintains an inventory of consumable spare parts in our hubs, with the majority of inventory found in Bangkok. As at December 31, 2013, Thai AirAsia keeps Baht 416.0 million of aircraft spares parts (net book value).



Other Operations

Safety and Security

Thai AirAsia is fully committed on all levels of operation to the safety and security of our passengers and employees. This commitment is reflected in our system of maintenance of our aircraft, extensive training given to our pilots, cabin crew and employees and the strict policies and procedures in compliance with local regulations, international standards and best practices regarding all areas of our business that are involved with the operation of our aircraft.

Safety

Our aircraft are equipped with advanced and highly accurate instrument landing systems (“ILS”) that provide necessary lateral and vertical guidance to the pilot in navigating the aircraft for a precision approach. A precision approach is a descent procedure using a navigation facility aligned with a runway. The ILS in our aircraft has a height call-out feature that further assists the pilot in navigating the aircraft’s descent.

In addition, our aircraft are equipped with traffic alert and collision avoidance system (“TCAS”) technology and enhanced ground proximity warning system (“EGPWS”). TCAS technology allows pilots to detect the presence of all other TCAS and transponder-equipped aircraft, as well as coordinate maneuvers between two opposing aircraft which are equipped with TCAS, thereby reducing the risk of mid-air collisions. EGPWS is a terrain awareness and alerting system which uses aircraft inputs, including geographic position, altitude, airspeed and glide slope, together with internal terrain, obstacles and airport databases to predict a potential conflict between the aircraft flight path and terrain or an obstacle. In addition, EGPWS provides alerts for excessive glide slope deviation and incorrect landing configurations, and is able to provide flight path angle indications and altitude call-outs.

Thai AirAsia has developed a quality assurance system to monitor all areas related to ground and flight operations as part of our wider quality management objectives. Our quality assurance teams oversee and monitor all aspects of our aircraft operations to ensure that industry safety standards, including DCA’s guidelines, are strictly adhered to. DCA conducts safety audits on us twice every year and regulatory authorities from other countries also regularly conduct safety audits.

Since we began operations in 2004, none of our aircraft has been involved in a serious incident.

Security

While the relevant airport operators are responsible for security screening of passengers and baggage at our domestic and international destinations, Thai AirAsia trains our staff to remain vigilant in identifying potential security breaches, as well as to handle unruly passengers. All potential employees undergo thorough screening of their background prior to being hired.

Thai AirAsia provides extensive training to ensure that our staffs have appropriate skills to carry out their relevant duties as stipulated in our employee manuals. All crew and ground handling staff are required to undergo dangerous goods awareness training to be able to identify potentially dangerous goods and items that threaten the safety of the flight (these include flammable liquids and containers that are likely to explode under pressure).

Thai AirAsia are in compliance with all of DCA's and the ICAO's regulations. In addition, cockpits in all of our aircraft have reinforced, bulletproof doors.

Information Technology

Thai AirAsia shares various information technologies with the wider AirAsia Group. AirAsia Berhad invests in information technology where its use directly lowers the AirAsia Group's costs, enables scalable operations and improves efficiency and safety. Our key operating software systems (centralized in Kuala Lumpur, Malaysia) include NewSkies 3.2 by Navitaire which was used for inventory and sales management/reservations, Microsoft's Axapta Financial Management (Axapta) which was used for our financial operations, the Merlot software which was used for flight scheduling and crew rostering, Navtech software which was used for flight planning and Swiss Aviation Software Ltd.'s AMOS operating system ("AMOS"), which was used for the management of aircraft maintenance engineering and logistics.

Airport Operations

Airport Handling Service

Thai AirAsia provides our own ground handling and ground support services at most of domestic airports, including ramp services. Thai AirAsia has assigned the established third parties to provide these services to us at international destinations. Thai AirAsia believes that providing our own ground handling and ground support services ensures that costs are kept low while productivity is high.

Insurance

Thai AirAsia has aviation and non-aviation insurance coverage in connection with our operations. The airline believes that our overall insurance coverage is consistent with industry practice and is maintained at adequate levels. Thai AirAsia carries passenger and third party liability insurance, as required by the terms of our lease agreements and per the standard market practice, under which the airline is insured for a Combined Single Limit (Bodily Injury / Property Damage) of USD 500 million any one occurrence, each aircraft, unlimited in all, but in the annual aggregate in respect of Products Legal Liability. Thai AirAsia also insured the aircrafts against loss and damages under the Hull All Risks up to the agreed sum value of the aircraft, but subject to a deductible of USD 750,000 any one occurrence. Nevertheless, Thai AirAsia has purchased a Hull Deductible policy to indemnify Thai AirAsia for the difference between USD 750,000 and USD 50,000 each and every claim.

In addition to the above, Thai AirAsia has purchased a Hull War and Allied Perils against loss or damage excluded by the War, Hijacking and Other Perils Exclusion Clause (AVN 48B) under the Hull All Risks insurance policy coverage up to the agreed value of the aircrafts. The coverage is provided by a combination of policies and is subject to an annual aggregate limit of USD 660 million any one occurrence.

Environment

Currently, Thai AirAsia has our aircraft fleet of Airbus A320, which uses less fuel and has lower emissions. Thai AirAsia has, through AirAsia Berhad, ordered the Airbus A320neo, which is expected to be more fuel efficient and have lower emissions levels.

Industry Outlook and Competition

Industry Outlook

Global economic growth was slower than anticipated from the bigger concerns on the US tapering of Quantitative Easing (QE) program, and the slower GDP growth in China. The International Monetary Fund (IMF), in January 2014, predicted the GDP growth for 2014 at 3.7%. Even though the Eurozone economy continued to show the improvement signs, but the reduction of the Federal Reserve QE measures may affect the amount of money circulating in the global stock markets, especially in Asian market which have attracted huge amount of fund into the region in the past years. Although fuel price could be fluctuated to the larger extent due to the political tension in Middle East intensified by the situations in Syria, Egypt, Libya and Iraq, coupled with the rapid climate change occurrences in many countries. Jet fuel price in 2014, yet, is forecasted to remain stable from 2013.

In late 2013, due to the political conflict in the country, the government declared a state of emergency, triggering some countries to raise their tourist alert in Thailand. Tourists are hesitated to make decisions to visit Thailand given uncertain situations and their safety concerns, affecting the travel and service industries in overall. Nonetheless, Department of Tourism estimates on January 2014 that the number of foreign tourists in 2014 will stand at 30.27 million people, increased by 13.3% from 26.7 million people in the pervious year. In order to increase the number of tourists, Tourism Authority of Thailand is planning to promote Thai tourism in the high flexible and domestic markets.

With the 'open skies' coming in 2015, business connectivity among the ASEAN countries will prosper, one of which includes the airline industry. As certain restriction in aviation will be lifted off, there shall spur up higher demand of air travelling across this region. Given the market is becoming more lucrative, intense competition could be seen from the existing players as well as new entrants. In addition, the Airport Council International (ACI) has projected a growth rate of global passenger in the next 20 years at 4.2%, while the growth rate of passenger within Asia - Pacific accounted for 6.3% per year, higher than those of other regions. Thai AirAsia has prepared itself for the competitive environment domestically and internationally by expanding its fleets,



revisiting to ensure more efficient processes and being the opportunist when the time has come.

Competition

Thai AirAsia faces with competition both from the LCCs and FSCs in our international and domestic market. The intensity of this competition varies from route to route and depends on the strengths of competing airlines as well as other transportation modes available. As a low-cost carrier, Thai AirAsia competes principally on price and frequency of service. Given our low-cost operations, the Company is in the better position to endure a decrease in air fares that might occur as a result of intense competition via aggressive pricing of competitors or from new entrants.

International

The main competitors of Thai AirAsia on our international routes include full-service carriers and other low-cost carriers that share the same destinations as ours. Full service carriers are Thai Airways, Cathay Pacific Airways, Singapore Airlines, Vietnam Airlines, Air Macau, Myanmar Airlines International, Malaysian Airlines, while low-cost carriers are Tiger Airways, Jetstar Airways, Orient Thai Airlines and Thai Lion Air.

On July 2012, Thai Smile, a business unit of Thai Airways sharing its airline code, has started its operation using the same A320 equipment. Positioning itself as a “light premium” airline, Thai Smile provides fares at the price between Thai Airways and Nok Air with complimentary snack and sharing the same frequent flyer program and airport lounges with Thai Airways.

In December 2013, Thai Lion Air, a Low Cost Carrier of Indonesia part of Lion Group, has started its operation at Don Mueang International Airport and was granted the air operator certificate (AOC) from the Civil Aviation Department. The airline strategy is to provide cheapest price than competitors with a slogan “We make people fly”. On December 4, the airline launched its first flight,

now operated with two Boeing 737-900ER aircraft (215-seat) from Bangkok to Chiang Mai for 2 flights per day.

Domestic

Key main players under the domestic market include Thai Airways, a full-service carrier offering multiclass scheduled services to a broad network of 7 domestic destinations as of December 31, 2013, complimentary in-flight meals, a frequent flyer program and airport lounges, Thai Smile, a light premium airline under Thai Airways umbrella, as well as Bangkok Airways, a boutique full service carrier, and low-cost carriers such as Nok Air (an affiliate of Thai Airways), Orient Thai Airlines and Thai Lion Air.

Our Business Strategy

Our goal is to establish ourselves as a leading low-cost carrier in every market that we serve by offering passengers a safe, reliable and enjoyable flying experience at a lowest price. Apart from organically growing our fleet, Thai AirAsia is striving to stimulate air travel via tapping the potential new market, especially in China and Indochina, where there is less or no competition as well as via increasing flight frequencies to strengthen our market position. Our aim is to gain market dominance in every of our route, especially in our domestic market. Besides generating revenue from the fares, Thai AirAsia is also focusing on the drive of our ancillary products via attractive promotions to create more awareness on existing products to the market as well as more innovative products to serve our traveler’s needs and convenience on connectivity. Moreover, the Company will continue to strengthen our low-cost model to achieve better efficiencies as evident through the move to Don Mueang Airport. In summary, Thai AirAsia is building up its network and infrastructure that would enable the economies of scale and cost-efficient operations for the readiness of upcoming competition.



Aviation business is one of the industries with several unique risk factors. In order to respond to the risk that may arise to affect the Company's operation, the Company has set up risk management procedures and the Risk Management Committee comprising executives

from different departments that are involved in setting policies and assessing risks. The Committee identifies possible risks and analyzes factors that may prevent the Company in achieving its goals, prioritizes significance those identified risks as well as evaluates the plausible impacts in order to establish the measures in mitigating risks to the acceptable level. The Risk Management Committee has reported the risk assessment results to the Audit Committee, and the Company's Board of Directors for consideration once every quarter. The Company is following the standards set by the Committee of Sponsoring Organization of the Treadway Commission, or COSO as its operating guideline.

The Company has key risks as listed below. Nonetheless, besides the risk factors shown hereunder, there may be other risks that the Company is not presently aware of or is aware of but does not deem significant in the foreseeable future.

Risks Relating to the Aviation Industry

- The aviation industry is exposed to risks from external factors such as terrorism, epidemic, and unfavorable weather conditions.

Terrorism, such as the September 11, 2001 incident and its aftermath, has resulted in negative impacts on the aviation industry. Primarily, the negative impacts include higher costs for security and insurance, lower passenger traffic and lower yield from the decreasing demands for air travel worldwide, and possibly higher costs for the industry, for example, fuel costs for aircrafts or insurance-related costs. The outbreak of the epidemic or various measures taken by governments of countries affected by the epidemic to mitigate the risk of outbreak may also obstruct the aviation industry.

During the monsoons or in the unfavorable weather conditions, flights may be cancelled or postponed. Thailand is one of the countries that have encountered many natural disasters during the past several years, including the tsunami and flood. In the cases that Thai AirAsia cancels or postpones the flight, income and profit of Thai AirAsia will be reduced.





The Company has set up the Emergency Response Team to keep close watch and follow the situation instantly, with the aim to minimize the impact on the flight operation and passengers. The team covers areas such as flight operation planning, ground operation in term of customer service, corporate communication, and passenger responsibility.

- The business, financial condition, operating results, and prospect of Thai AirAsia may be materially and adversely affected by fuel costs.

Jet fuel costs represent the largest part of the operating costs of Thai AirAsia, accounted for 43.4% of total costs of Thai AirAsia in 2013. Consequently, the operating results of Thai AirAsia are significantly affected from the high volatility of the fuel price. The Company's policy in mitigating the risks from fuel price fluctuation is by the Jet Fuel Price Hedging in order to keep the fluctuation in the manageable level. In terms of flight operation, the Company has a policy to manage the fuel consumption rate. In addition, the Company has appropriately levied the baggage fee and fuel surcharge, and generates ancillary income to support the fuel cost management.

- Currency fluctuation can have adverse impacts on the Company's business, financial condition, and operating results.

Due to the geographic diversity of the business, Thai AirAsia has incomes and expenses in various currencies, most in particular Thai Baht, Singapore Dollar, the US Dollar, Malaysian Ringgit, and Chinese Renminbi. However, most of maintenance contracts, aircraft lease contracts, jet fuel supply contracts, insurance contracts, and substantially all of the purchase contracts with respect to aircraft spare parts of Thai AirAsia are in US Dollar. Nevertheless, many currencies, including US Dollar and some Asian currencies are fluctuating:



Thai AirAsia is monitoring the changes in situations for factors that can influence the foreign exchange rates and may enter into contracts to hedge the foreign exchange exposure once the rates are at the favorable levels.



depreciating and appreciating, which can affect the Company. Thai AirAsia is monitoring the changes in situations for factors that can influence the foreign exchange rates and may enter into contracts to hedge the foreign exchange exposure once the rates are at the favorable levels. In addition, Thai AirAsia also alleviates foreign exchange risks by engaging in the natural hedge scheme.

- The Company may be exposed with interest rate fluctuations.

Thai AirAsia may incur significant amount of debt in the future in order to finance for new aircrafts or for business expansion. The substantial indebtedness amount of Thai AirAsia in the future might be of floating rate obligations, thus, the increasing interest rate is likely to affect the borrowing costs of Thai AirAsia. The Company has set a measure to alleviate interest rate risk by fixing some interest rate during the negotiation for financial lease contracts and by considering using financial instruments at appropriate time.

Risks Relating to Asia Aviation and Thai AirAsia

- There are limitations on foreign ownership in Asia Aviation and Thai AirAsia, which is the Company's core asset. Violation may result in the revocation of Air Service Operator License and of the Traffic Rights our destinations of Thai AirAsia.

Foreign ownership, as limited under our Articles of Association, shall not exceed 0.1% of total issued and outstanding Asia Aviation's shares. In addition, Thai AirAsia, as Asia Aviation's core asset, is also under the foreigners' shareholding limitations regulated by the Foreign Business Act B.E. 2542 (1999) and the Aviation Act B.E. 2497 (1954) as amended, and the Announcement of the National Executive Council No. 58. Not less than 51% of shares of an air service operators and aircraft registrants shall belong to persons listed hereunder, in any one or any combination of the following categories:

- (a) Natural persons who hold Thai nationality;
- (b) Ministries, sub-ministries, departments of the Thai government;
- (c) Limited companies or public limited companies, of which not less than fifty-one percent of the total capital belongs to ministries, sub-ministries, departments of Thai government or Thai natural persons.

In practice, it is hardly possible to determine whether the shares owned by shareholder, who is a Thai national, are sold to another Thai national or foreigner, or whether the person who converts the Non-Voting Depository Receipt (NVDR) into share is a Thai national or foreigner, until the said person submits an application for share transfer registration to the registration officer or until the closing date of the shareholders' registration book. Buyers or persons who convert the NVDRs into shares are not obliged to apply for share transfer registration after the purchase or trading. If the buyers or said persons have not applied for share transfer registration, there will not be the records of the said persons' names and nationalities on the shareholders' registration book until the last closing date of the shareholders' registration book, which will be some time after the trading. However, Thailand Securities



Depository Co., Ltd. (TSD), Asia Aviation's registrar, may refuse to register the share transfer for the persons who are not Thai nationals and the said persons may need to sell their shares, if the transfer will make the foreign shareholding exceeds the limit currently imposed, which may result in the revocation of air service operator license and significant negative impacts on the business, financial condition, operating results, and business opportunities of Thai AirAsia. If the foreign shareholding meets the maximum limit, Thai shareholders may be restricted in transferring the shares to foreigners, which may negatively affect the liquidity and market prices of the shares. Additionally, under normal practice for international air transportation service operation, Thai AirAsia shall have significant number of shareholders with Thai nationality who are also effectively controlling shareholders of Thai AirAsia. Even though governments of countries, that Thailand has signed the bilateral agreements with, are recognizing the concept of the "beneficial ownership", there is a risk that the substantially owned and effectively controlled test may not be met, which may result in Thai AirAsia being terminated of the Thai-Designated Airline status and revoked of the international traffic rights.

As of December 31, 2013, Asia Aviation held 55% shareholding in Thai AirAsia, in which the public held the proportion of 45 of Asia Aviation's total issued and outstanding shares, and the remaining 55% were held by Thai AirAsia management team who are all natural persons with Thai nationality, as regulated by applicable laws.



- Asia Aviation is operating as a holding company, consequently it is dependent on the dividends received from Thai AirAsia for dividend payment to Asia Aviation's shareholders.

As Asia Aviation is a holding company, it is dependent on the dividends from Thai AirAsia, of which it has 55% shareholding, to pay the dividends for its own shareholders. Dividend payment of Thai AirAsia to its shareholders, including Asia Aviation, shall be subject to applicable law. According to the Public Limited Companies Act B.E. 2535 (1992) as amended, Asia Aviation may pay dividends based on its net profit of the standalone financial statement of the Company, but not from its consolidated financial statement, in which net profit of Thai AirAsia has derived the net profit under the consolidated financial statement. Therefore, the ability to pay dividends of Asia Aviation depends on the

dividends received from Thai AirAsia as the said dividends constitute substantially of Asia Aviation's income.

The Company has assigned Thai AirAsia to prepare operating plans and annual budgets, which need to be considered and approved by the Company's Board of Directors. Executive management meet every month to closely monitor the operating results in order to respond in a timely manner, should there be changes from external factors that differ from what has been planned, and also to appropriate plan financially, both in terms of cash flow and financial ratios that have been approved by the Board of Directors.



- Business operation of Thai AirAsia relies on its relationship with AirAsia Berhad.

Thai AirAsia has benefited from the support from AirAsia Berhad (AAB) in many areas. The Company's business relies on the brand license agreement that Thai AirAsia signed with AAB dated January 1, 2012 ("AirAsia" Brand License Agreement) that AAB permits Thai AirAsia to be a sole operator in Thailand to use "AirAsia" as trade name for business operation, access to market knowledge, and customer services. However, the increase in the license fee and other amendments of this agreement can have an effect on the operation of Thai AirAsia

Presently Thai AirAsia is leasing its aircrafts from an AAB's subsidiary, in which the lease agreements will expire during 2019 to 2025. The ability of Thai AirAsia to renew the lease with similar terms depends on the market condition at the time. Typically, if the lease agreement is made for a long duration, the agreement is likely to be more in favor of the lessee. The Company also relies on the information technology used within the AirAsia Group. The Company's main software (centered in Kuala Lumpur, Malaysia) include NewSkies 3.2, which was developed by Navitaire and used for inventory/sales

management and reservation, Axapta Financial Management, which was developed by Microsoft and used for financial operation, the Merlot, which is used for flight scheduling and crew rostering, Navtech, which is used for flight planning, and Swiss Aviation Software Ltd.'s AMOS, which is used for the management of aircraft maintenance engineering and logistics.

The Company also has an access to spare parts kept by AAB and benefits from airport ground services provided by members of AirAsia Group in certain airports in Malaysia and Indonesia, and other services from AAB and members of AirAsia Group such as maintenance, fuel hedging, website for selling tickets, and ticket reservation software. Decisions to engage in the transactions are made by Thai AirAsia.

At present, AirAsia Berhad is holding 45% shares in Thai AirAsia and has nominated two of the directors of Thai AirAsia and one independent director from the eight members in the Board of Directors as specified in the Shareholders' Agreement.



- Thai AirAsia is dependent on automated system and the Internet in business operation of Thai AirAsia.
- Thai AirAsia is having the single fleet type of Airbus A320 aircraft and CFM56-5 engines.

Thai AirAsia is reliant on the automated system in operating its business, including its website and online ticket reservation system, and its internal communication system. Thai AirAsia's website and online ticket reservation system must be able to accommodate a high volume of traffic and to show important flight information. Thai AirAsia has a backup plan and business continuity plan in place in order to prevent a sudden stop in these systems.

The flight reservation by passengers directly via the website of Thai AirAsia came up to 78% in 2013. Thai AirAsia is aware of the possible risks from Internet security for online transactions related to the data privacy that may create more restrictions in ticket purchase; therefore, the Company has put in place a privacy policy for customers and safety measures to prevent the illegitimate access to the private information. The Company also joins with leading domestic and international financial institutions and credit card providers such as VISA, MasterCard, and American Express, to provide passengers with satisfaction in using their credit cards speedily and safely for the internet transaction.

As of December 31, 2013, Thai AirAsia has a single aircraft type of 35 Airbus A320 aircraft with CFM56-5 engines. The reliance on single model, Airbus A320, and single type of engine, CFM56-5, makes Thai AirAsia vulnerable to any problem arises from the said model and engine. Thai AirAsia may experience an unfavorable impact if any shortcoming is found in the design or the mechanism in Airbus A320 aircraft or CFM56-5 engine, as Thai AirAsia's aircrafts will then need to be grounded for fixing the shortcoming or problem.

However, Airbus A320 aircraft is well accepted in the aviation industry since its beginning of production in 1988. Thai AirAsia has assessed the risks of the model being defected in the design or having engine troubled by considering the history of this model and found that its safety is at high-level and its cost of services is modest.

Shareholding Structure

Asia Aviation Public Company Limited

As at 31 December 2013, Asia Aviation Public Company Limited has the registered and paid-up capital of Baht 485,000,000, being common shares of 4,850,000,000 shares at the par value of Baht 0.10 per share. On 31 May 2012, the company was listed on the Stock Exchange of Thailand under ticker "AAV".

Thai AirAsia Company Limited (Subsidiary)

As at 31 December 2013, Thai AirAsia Company Limited has the registered and paid-up capital of Baht 435,555,600 being common shares of 43,555,560 shares at the par value of Baht 10 per share. With the IPO proceeds, Asia Aviation has injected its capital into Thai AirAsia, increasing its shareholding from 51% to 55%.

Major shareholders

Asia Aviation Public Company Limited

As at 27 December 2013, Asia Aviation has its top 10 shareholders with details on the number of shares and shareholding percentage as follows:

Name	Number of shares	Shareholding percentage (%)
1. Mr. Tassapon Bijleveld	1,365,499,800	28.16
2. Mr. Preechaya Rasametani	287,850,000	5.94
3. Mr. Pornanan Gerdprasert	286,500,400	5.91
4. M.L. Bovornovadep Devakula	283,499,900	5.85
5. Captain Tanapat Ngamplang	280,850,000	5.79
6. Bualuang Long-term Equity Funds	142,684,800	2.94
7. Mr. Santisuk Klongchaiya	141,675,000	2.92
8. Thai NVDR Company Limited	105,280,890	2.17
9. Bualuang Long-term Equity Funds 75/25	103,625,000	2.14
10. Electricity Generating Authority of Thailand Employees Provident Fund (managed by BBLAM)	100,450,400	2.07

Thai AirAsia Company Limited

As at 31 December 2013, Thai AirAsia has 9 shareholders with details on the number of shares and shareholding percentage as follows:

Name	Number of shares	Shareholding percentage (%)
1. Asia Aviation Public Company Limited	23,955,553	55.00
2. AirAsia Investment Ltd. ¹	19,600,000	45.00
3. Mr. Tassapon Bijleveld	1	0
4. Mr. Pornanan Gerdprasert	1	0
5. Captain Tanapat Ngamplang	1	0
6. Mr. Preechaya Rasametanin	1	0
7. M.L. Bovornovadep Devakula	1	0
8. Mr. Santisuk Klongchaiya	1	0
9. Ms. Hathaimas Ekkalakdilok	1	0
Total	43,555,560	100.00

Remark:¹ AirAsia Investment is a subsidiary of AirAsia Group that registered under Malaysian laws, in which AirAsia Berhad has a 100% shareholding, doing the business of investing in other companies.

Dividend policy

The Board of Directors of Asia Aviation may recommend annual dividends subject to the approval of the shareholders at the annual general meeting (AGM). For interim dividends, the Board of Directors are authorized for such approval, considering the profitability of the company, which will be reported to the next AGM.

Asia Aviation Public Company Limited

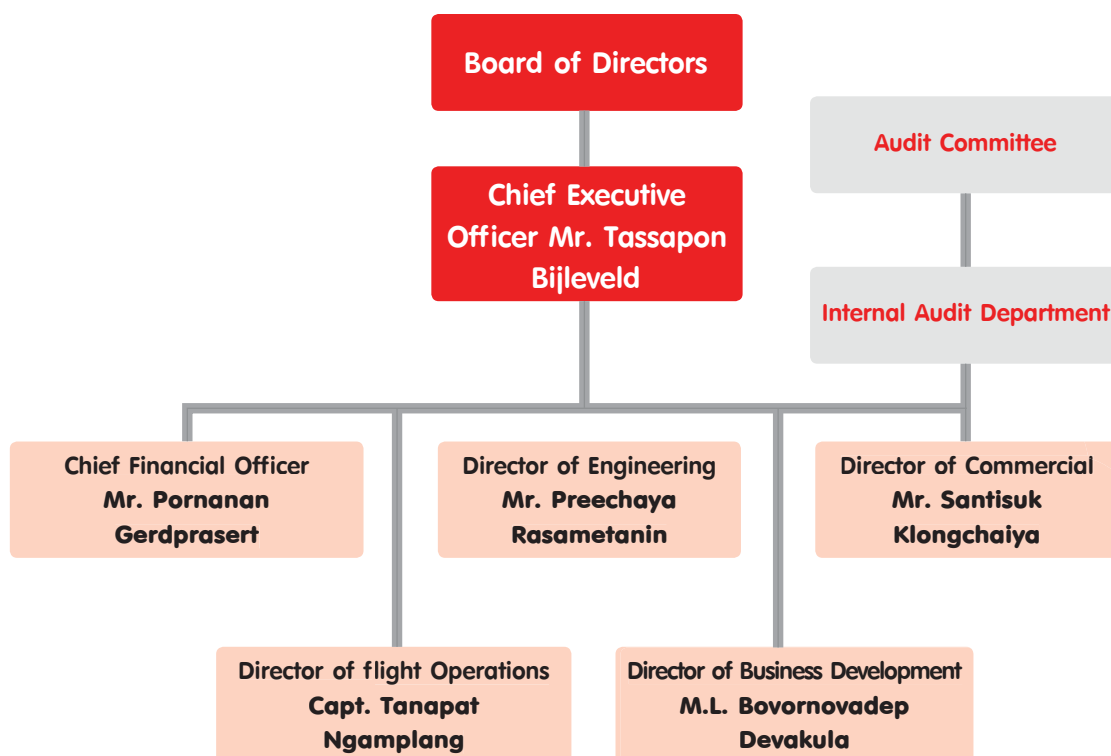
Asia Aviation may consider paying dividend by taking into account the performance, liquidity, current cash flow and financial status; the provisions and conditions regarding dividend payment as provided in the loan agreements, debentures or any related contracts that Asia Aviation are obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the Board of Directors.

Thai AirAsia Company Limited

Thai AirAsia may consider paying dividend by taking into account the performance, liquidity, current cash flow and financial status; the provisions and conditions regarding dividend payment as provided in the loan agreements, debentures or any related contracts that Thai AirAsia are obliged to comply with; future business plans and capital requirement for investment; as well as other factors as deemed appropriate by the Board of Directors.

Management Structure

Management Structure of Asia Aviation Public Company Limited as of December 31, 2013



Management Structure of Asia Aviation Plc.

Management structure of Asia Aviation Plc. (the Company) consists of the Board of Directors and two committees, namely the Audit Committee and Executive Committee. At the Board of Directors' Meeting on February 26, 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee. The details of all the Committees are as follows:

The Board of Directors

As of December 31, 2013, Asia Aviation Plc.'s Board of Directors consists of 9 directors as follows:

Name	Position	Noted
1. Mr. Arak Chonlatanon	Chairman of the Board/ Independent Director/ Chairman of the Audit Committee	Non-Executive Director
2. Mr. Tassapon Bijleveld	Director	Executive Director
3. Mr. Pornanan Gerdprasert	Director	Executive Director
4. Captain Tanapat Ngamplang	Director	Executive Director
5. Mr. Preechaya Rasametnin	Director	Executive Director
6. M.L. Bovornovadep Devakula	Director	Executive Director
7. Mr. Santisuk Klongchaiya	Director	Executive Director
8. Mr. Distorn Vajarodaya	Director/ Independent Director/ Audit Committee	Non-Executive Director
9. Mr. Nuttawut Phowborom	Director/ Independent Director/ Audit Committee	Non-Executive Director

Asia Aviation Plc.'s Authorized Directors

Mr. Tassapon Bijleveld jointly sign with Mr. Pornanan Gerdprasert, or Captain Tanapat Ngamplang, or Mr. Preechaya Rasametnin, or M.L. Bovornovadep Devakula, or Mr. Santisuk Klongchaiya, totaling two persons, with the Company's seal affixed.

Scope of Duties and Responsibilities of the Board of Directors of Asia Aviation Plc.

1. To conduct their duties in compliance with the laws, objectives, articles of association, resolutions of the Board of Directors and resolutions of shareholders' meetings with duty of care and duty of loyal, and with the best interest of the Company.
2. To formulate and approve the vision, strategies, business directions, policies, targets, guidelines, plans of work and budget of Asia Aviation Plc. and its subsidiaries as prepared by management and oversee the administration and the performance of the management or any persons assigned to do such work to ensure compliance with the policies set out by the Board of Directors.
3. To follow-up the outcome of work to ensure compliance with the plan and budget on an ongoing basis.
4. To ensure that the Company and its subsidiaries adopt and set in place an appropriate, strong and effective accounting system, internal control and internal audit system. These include establishing reliable financial report.
5. To review the risk management procedures and policies and also follow up on the results.
6. To prevent conflicts of interests among stakeholders of Asia Aviation Plc. and its subsidiaries.

7. To consider and approve related party transactions of the Company and its subsidiaries in compliance with notifications and regulations of the Stock Exchange of Thailand.
 8. To set in place the corporate governance policy and its effective implementation including annual review.
 9. To appoint the sub-committees such as Audit Committee, or any other sub committees in order to appropriately assist and support the Board of Directors duties.
 10. To appraise the performance of Chief Executive Officer and members of Top Management.
 11. To appoint the Company Secretary to assist the Board of Directors in its various activities to run the business in line with the related laws and regulations.
 12. To seek professional opinions from external agencies, if required, in order to take appropriate decisions.
 13. To prepare and disclose annual reports and financial statements in order to present financial position and operating results for the past years to the Shareholders' Meeting.
 14. To arrange for the Annual General Meeting of Shareholders within four months of the end of each fiscal year of Asia Aviation Plc.
 15. To approve the investment decisions for business expansion or joint venture with other business operators.
- In any case, the authorization of duties and responsibilities of the Board of Directors of Asia Aviation Plc. shall not constitute an authorization or sub-authorization which may cause the Board of Directors of the Asia Aviation Plc. or its authorized person(s) to be able to approve any transaction that such person or any person who may have a conflict of interest (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Markets Supervisory Board) may have an interest or may benefit in any manner or may have any other conflict of interest with Asia Aviation Plc. or its subsidiaries, unless the approvals of such transactions are consistent with the policies and criteria approved by the shareholders meeting or the Board of Directors meeting.

Board of Directors' Meeting of Asia Aviation Plc.

The followings are the details of attendance of the Board of Directors' meeting in 2013.

Name	No. of Attendance/ Total Meeting
1. Mr. Arak Chonlatanon	4/4
2. Mr. Tassapon Bijleveld	4/4
3. Mr. Pornanan Gerdprasert	4/4
4. Captain Tanapat Ngamplang	4/4
5. Mr. Preechaya Rasametanin	4/4
6. M.L. Bovornovadep Devakula	4/4
7. Mr. Santisuk Klongchaiya	4/4
8. Mr. Distorn Vajarodaya	4/4
9. Mr. Nuttawut Phowborom	4/4

Audit Committee

Asia Aviation Plc.'s Audit Committee comprises three independent directors and has the qualifications that meet the requirement of the Thai Capital Market Supervisory Board. As at December 31, 2013, the Company's Audit Committee is as follows:

Name	Position
1. Mr. Arak Chonlatanon	Chairman of Audit Committee
2. Mr. Distorn Vajarodaya	Audit Committee
3. Mr. Nuttawut Phowborom	Audit Committee

Mr. Nuttawut Phowborom has sufficient knowledge and experience to review the reliability of the financial statements of the Company. The Secretary to the Company's Audit Committee is Ms. Duangporn Tantiwivat.

Terms of Positions

Members of the Audit Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Audit Committee's Meeting

The followings are the details of attendance of the Audit Committee's meeting in 2013.

Name	No. of Attendance/ Total Meeting
1. Mr. Arak Chonlatanon	4/4
2. Mr. Distorn Vajarodaya	4/4
3. Mr. Nuttawut Phowborom	4/4

Scope of Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To consider the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company.

6. To review the Company's risk management system to ensure that the Company has appropriate and efficient risk management systems.
 7. To review and propose amendments related to duties and responsibilities of the Audit Committee in accordance with the circumstances.
 8. The Audit Committee has the authority to investigate the relevant party and has the authority to hire or bring experts to assist as necessary and appropriate.
 9. To prepare, and disclose in the Company's annual report, an Audit Committee's report which must be signed by the Chairman of the Audit Committee and consist of at least the following information:
 - (1) an opinion on the accuracy, completeness and credibility of the Company's financial report;
 - (2) an opinion on the adequacy of the Company's internal control system;
 - (3) an opinion on the compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand, or the laws relating to the Company's business;
 - (4) an opinion on the suitability of an auditor;
 - (5) an opinion on the transactions that may lead to conflicts of interests;
 - (6) the number of the Audit Committee meetings, and the attendance at such meetings by each committee member;
 - (7) an opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter; and
 - (8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors.
 10. If any following actions significantly affect the financial status or performance of the company, the Audit committee shall report to the Board of Director for further improvement within the suitable time set by the Audit Committee
 - (1) Transaction that causes the conflict of interest
 - (2) Fraud or any significant irregular events or problems in the internal control system
 - (3) The violation of law by Security and Exchange Commission, SEC's regulation or law related to the company business.
- If the Board of Director or management has not taken any action to resolve the above matter within the specified time frame, any committee member shall report to aforementioned matter to the Security and Exchange Commission or Stock Exchange.
11. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.
- The Audit Committee directly reports to the Board of Directors.

Executives

(Executives in accordance with the Notification of the Securities and Exchange Commission No.KorChor. 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities and its amendments.

As at December 31, 2013, the list of Asia Aviation Plc.'s Executives is as follows

Name	Position
1. Mr. Tassapon Bijleveld	Director/ Chief Executive Officer
2. Mr. Pornanan Gerdprasert	Director/ Chief Financial Officer
3. Mr. Preechaya Rasametani	Director/ Director of Engineering
4. Captain Tanapat Ngamplang	Director/ Director of Flight Operations
5. M.L. Bovornovadep Devakula	Director/ Director of Business Development
6. Mr. Santisuk Klongchaiya	Director/ Director of Commercial

Remark: Executive means a director, manager or a person holding a management-level-position of the first four ranking below the manager, a person holding a position equivalent to the person holding a management-level-position of the fourth ranking, including a person holding a management-level-position in an accounting or finance department at the level of manager of the department or higher or an equivalent position

Duties and Responsibilities of the Chief Executive Officer

- To be designated as authorized person in administering Asia Aviation Plc.'s business and/or day-to-day operation to be in line with the policies, business strategies, objectives, business plans, financial goals, and budgets of Asia Aviation Plc. as authorized by the Board of Directors of Asia Aviation Plc. and/or resolutions of the Shareholders' Meeting.
 - To prepare business plans and to assign management authority as well as set the business operation and annual budgets for the approval from the Board of Directors of Asia Aviation Plc., and to report the business progress according to the plans and budgets as approved to the Board of Directors of Asia Aviation Plc.
 - To establish corporate structure and administrative procedures, including recruitment, training, dismissal, and remuneration, compensation and other benefits for employees.
 - To monitor and report situation and position of Asia Aviation Plc. and to propose alternatives and strategies in accordance to policies and market situation.
 - To manage and control all areas of operation for Asia Aviation Plc., including finance, risk management, internal control, business operations and support functions, and human resources.
 - To represent Asia Aviation Plc. and to be designated as authorized person in liaising with government agencies and other organizations.
 - To oversee communication activities with the public, stakeholders, customers, and staff members in order to promote image and reputation of Asia Aviation Plc.
 - To ensure good corporate governance.
 - To authorize the establishment, amendment, and modification of the employment rules and regulations for Asia Aviation Plc. such as recruitment, dismissal, and employee regulations, as well as remuneration and other compensation, and benefits.
 - To consider, negotiate, and approve legal transactions, and/or and business operation activities, and/or daily business administration of Asia Aviation Plc. within the Authority Limits approved by the Board of Directors of Asia Aviation Plc.
 - To be responsible and designated as assigned or according to policies assigned by the Board of Directors of Asia Aviation Plc.
- The Chief Executive Officer may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules

and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of the Chief Executive Officer shall not provide Chief Executive Officer or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with

Asia Aviation Plc. or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

Company Secretary of Asia Aviation Plc.

The Board of Directors of Asia Aviation Plc. has appointed Ms. Hathaimas Ekkalakdilok January 27, 2012 as a company secretary, whose duties and responsibilities are as stated in the Securities and Exchange Act.

Nomination and Remuneration Committee

Asia Aviation Plc.'s Board of Directors' Meeting No. 2, held on 26 February 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee, which comprises of three committee members as follows:

Name	Position
1. Mr. Nuttawut Phowborom	Chairman of Nomination and Remuneration Committee
2. Mr. Arak Chonlatanon	Nomination and Remuneration Committee
3. Mr. Distorn Watcharothai	Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been set up in 2014 for the first time, therefore, there is no details on meeting in 2013.

Terms of Positions for Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Scope of Authority and Responsibilities for Nomination

1. To determine the structure, size, and composition of the Board of Directors to be suitable for the organization and its changing environment.
2. Determine guidelines and policies in nominating Board of Directors and subcommittee members and consider qualified candidates to replace those who
3. Nominate qualified candidates for Chief Executive Officer when the position is vacant, and determine the succession planning for positions of Chief Executive Officer and other executives.
4. Provide opportunity for minority shareholders to nominate candidates for the Company's Directors by giving appropriate timeframe prior to the Shareholders' Meeting.
5. To perform of other tasks as assigned by the Board of Directors.

are vacating the office, and propose the matter for approval by Board of Directors and/or shareholders as the case may be.

Nomination of Directors

The Company has appointed the Nomination Committee to consider qualified candidates to replace the Directors whose positions are vacant by rotation or other reasons and to provide opportunity for minority shareholders to nominate candidates for the Company's Directors. Candidates are proposed to the Company's Board of Directors for consideration before proposing to the Shareholders' Meeting for approval (on a case-by-case basis). Nevertheless, the Nomination Committee shall consider the knowledge, capability, work experiences, and the overview of the Company's Board of Directors for skills that are still lacking, in order to select the candidates that are most suitable for the position in terms of knowledge, capability, and work experiences which are beneficial for the Company, to be the Directors. The appointed Directors of Asia Aviation Plc. shall meet all the requirements specified under Article 68 of Public Limited Companies Act B.E. 2535 (and its amendments) and the notifications by Securities and Exchange Commission, and shall not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations.

Composition and Nomination of the Company's Directors

Composition, nomination, and termination of Directors are regulated as follows:

1. The Board of Directors of Asia Aviation Plc. shall consist of at least five Directors to conduct the business of Asia Aviation Plc. Not less than one half of all Directors shall have residence in the Kingdom of Thailand.
2. The appointment of a Director shall be made by a majority vote at the Shareholders' Meeting in accordance with the following conditions and procedures:
 - (1) One ("1") share represents one ("1") vote;
 - (2) Each shareholder shall exercise his voting rights according to (1) to elect one or several persons as a Director or Directors, but the shareholder cannot divide his or her votes to any nominated Director in any number;
 - (3) The persons receiving the most votes are those who are elected to be Directors, in descending order, to the number of Directors who are to be appointed. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding Chairman shall have an additional casting vote.
3. At every Annual General Meeting, one-third of the total number of the Directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The retiring Directors are eligible for re-election. The Directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been in office for the longest term shall retire.
4. Any director wishing to resign from the Director's position shall submit a resignation letter to Asia Aviation Plc. The resignation shall take effect upon the date on which the resignation letter reaches Asia Aviation Plc.
5. The Shareholders' Meeting may pass a resolution to remove any director prior to retirement by rotation, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote, and the shares held by them shall not, in total, be less than one half the number of the shares held by the shareholders attending the meeting and having the right to vote.

6. In case of vacancy due to reasons other than expiry of service terms, the Board of Directors shall appoint any candidate who does not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations to fill the position for the next Board of Directors' Meeting. The replacement Director shall hold the office only for the remaining term of the Director whom he/she replaces.

Composition and Nomination of the Audit Committee

Board of Directors shall appoint at least three members of Audit Committee from Independent Directors whose qualifications meet the requirements per the Notification of the Thai Capital Market Supervisory Board and the Stock exchange of Thailand as follows:

1. Not being a director authorized by the Board of Directors to make any decision in the business operation of Asia Aviation Plc., its parent company, its subsidiary company, its affiliate company, its subsidiary company at the same level, major shareholder or control person of Asia Aviation Plc., and
2. Not being a director of a parent company, its subsidiary company or its subsidiary company at the same level which is a listed company, and
3. Having sufficient knowledge and experience to conduct the duty as an Audit Committee member.

At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements.

Should any of the members of the Audit Committee vacates his or her office by rotation or any other reasons, and leaves the number of less than three committee members, Board of Directors shall appoint a replacement within three months after the office is vacated in order for the Committee to continue their duties without any disruption.

Scope of Authority and Responsibilities for Remuneration

1. To determine criteria and the form of payment to the Board of Directors, subcommittees, Chief Executive Officer, which are clear, appropriate and correspond to each person's responsibilities and his/her performance in relation with the business operation, and other relevant factors, while taking into consideration remunerations provided by other leading companies in the Stock Exchange and companies in the same or similar industry.
2. To determine appropriate remuneration for the Board of Directors and subcommittees for the Board of Directors' consideration and propose to the Shareholders' Meeting for approval.
3. To disclose the policy for Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
4. To responsible for other tasks as assigned by the Board of Directors.

Policy on Remuneration and Criteria for Each Director's Remuneration

Asia Aviation Plc.'s Board of Directors' Meeting No. 2, held on February 26, 2014, the resolution was to approve the criteria in consideration for remuneration for the Company's Directors as follows:

To determine remuneration for the Board of Directors, the Remuneration Committee shall consider the following guideline:

1. Policy on remuneration for the Board of Directors and Management

The Company has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for directors in other leading companies in the Stock Market and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors.

Remuneration Committee considers types, forms, and amount of the remuneration for the Board of Directors, subcommittees, Chief Executive Officer. The remuneration for the Board of Directors and subcommittees shall be proposed to the Annual General Meeting of Shareholders for approval every year.

2. Remuneration for the Board of Directors and Subcommittees

At the Annual General Meeting of Shareholders 2013, held on April 23, 2013, the resolution was to approve the remuneration for the Board of Directors and subcommittees as follows:

Monetary Remuneration

- Directors shall be entitled to a monthly compensation of THB 40,000 per month per person and a meeting allowance of THB 40,000 per meeting per person. If there are more than one meeting in a month, the Directors shall receive only THB 40,000 meeting allowance. The Chairman of the Board of Directors shall receive 25 percent more allowance than other Directors.
- Members of the Audit Committee (not inclusive in remuneration for Directors) shall be entitled to a monthly compensation of THB 40,000 per month per person. The Chairman of the Audit Committee shall receive 25 per cent more allowance than other members.
- In case of the Directors getting appointed by the Board of Directors or Chairman of the Board of Directors as members of Committees or members of Working Groups of the Company, the said Directors shall be entitled for an addition meeting allowance of THB 20,000 per meeting per person. If there are more than one meeting in a month, the said Directors shall receive only THB 20,000 additional allowance.
- The Company's Directors are entitled to the yearly bonus of 0.5 percent of the dividend paid in compliance to the allocation policy specified by the Company's Board of Directors.

Other Remunerations

- Ticket Benefits

Each Director of Asia Aviation Plc. (and his family members, meaning spouse and legitimate children) is entitled to one free round-trip ticket for any destination per month, in total twelve tickets in one year. The Directors are entitled to the said benefit only while they are serving their office terms as the Directors of Asia Aviation Plc.

Structure of Directors' Remuneration in 2013

Director	Monetary Remuneration (THB)		
	Monthly	Meeting Allowance	Bonus
Board of Directors			
- Chairman	50,000	50,000	-
- Director	40,000	40,000	-
Audit Committee			
- Chairman	50,000	-	-
- Member	40,000	-	-
Executive Committee¹⁾			
- Chief Executive Officer	-	-	-
- Member	-	-	-

1) Members of Executive Committee who are members of the management are not entitled for remuneration as Directors or members of subcommittee.

Monetary remunerations of the three Individual Directors who are not members of the Management are the total of THB 3.64 million. The remunerations include salary and meeting allowance as follows:

Director	Position	Director's Remuneration (THB)		
		Board of Directors	Audit Committee	Total
Mr. Arak Chonlatanon	Chairman of the Board of Director/ Chairman of the Audit Committee	800,000	600,000	1,400,000
Mr. Distorn Vajarodaya	Director/ Audit Committee	640,000	480,000	1,120,000
Mr. Nuttawut Phowborom	Director/ Audit Committee	640,000	480,000	1,120,000

- In 2013, Asia Aviation Plc. has not paid remunerations for the Management.
- The aforementioned policy on Directors' remuneration in 2013 is the same as the policy in 2012.

Changes in Shares Held by Board of Directors and Executives in 2013

Name	Position	Number of Shares on 31 December 2012	Number of Shares on 31 December 2013	Increase in the Number of Shares (Decrease)	Share holding (%)
1. Mr. Arak Chonlatanon	Chairman of the Board of Director / Chairman of the Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
2. Tassapon Bijleveld	Director/ Chief Executive Officer	1,600,499,800	1,365,499,800	(235,000,000)	28.15%
Spouse and minor child	-	-	-	-	-
3. Mr. Pornanan Gerdprasert	Director/ Chief Financial Officer	291,000,400	286,500,400	(4,500,000)	5.91%
Spouse and minor child	-	-	-	-	-
4. Captain Tanapat Ngamplang	Director	291,499,900	280,850,000	(10,649,900)	5.79%
Spouse and minor child	-	-	-	-	-
5. Mr. Preechaya Rasametanin	Director	290,999,900	287,850,000	(3,149,900)	5.94%
Spouse and minor child	-	-	-	-	-
6. M.L. Bovornovadep Devakula	Director	290,999,900	283,499,900	(7,500,000)	5.85%
Spouse and minor child	-	-	-	-	-
7. Mr. Santisuk Klongchaiya	Director	145,500,000	141,675,000	(3,825,000)	2.92%
Spouse and minor child	-	-	-	-	-
8. Mr. Distorn Vajarodaya	Director / Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-
9. Mr. Nuttawut Phowborom	Director / Audit Committee	-	-	-	-
Spouse and minor child	-	-	-	-	-

Management Structure of Thai AirAsia Company Limited as of December 31, 2013



Management Structure Thai AirAsia Co.,Ltd as a Major Business Operation

The management structure of Thai AirAsia Co.,Ltd. (“Subsidiary”) consists of the Board of Directors and three subcommittees, namely the Audit Committee, the Executive Committee, and the Risk Management Committee. At the Board of Directors’ Meeting on March 3, 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee. The details of all the Committees are as follows:

The Board of Directors

As of December 31, 2013, Thai AirAsia Co.,Ltd's Board of Directors consists of 8 directors as follows:

Name	Position	Noted
1. Mr. Arak Chonlatanon	Chairman of the Board/ Chairman of the Audit Committee/ Independent Director	Non-Executive Director
2. Tan Sri Anthony Francis Fernandes	Director	Executive Director
3. Dato Kamarudin Bin Meranun	Director	Executive Director
4. Mr. Tassapon Bijleveld	Director	Executive Director
5. Mr. Pornanan Gerdprasert	Director	Executive Director
6. Mr. Preechaya Rasametani	Director	Executive Director
7. Mr. Nuttawut Phowborom	Director/Independent Director/ Audit Committee	Non-Executive Director
8. Dato Ahmad Farid Bin Ridzuan	Director/Independent Director/ Audit Committee	Non-Executive Director

The Company Secretary is Ms. Hathaimas Ekkalakdilok

Authorized Directors of Thai AirAsia Co., Ltd

Mr. Tassapon Bijleveld jointly signs with Mr. Pornanan Gerdprasert or Mr. Preechaya Rasametani or Tan Sri Dr. Anthony Francis Fernandes or Dato' Kamarudin Bin Meranun, totaling two persons, with the company's seal affixed.

Scope of Duties and Responsibilities of the Board of Directors of Thai AirAsia Co., Ltd

The Board of Directors of Thai AirAsia Co., Ltd shall manage Thai AirAsia Co., Ltd in accordance with the law, objectives, articles of association and resolutions of Shareholders' Meeting in an honest and prudent manner in best interests of Thai AirAsia Co., Ltd and its shareholders. Under Thai AirAsia Co., Ltd's articles of association, scope of duties and responsibilities of Thai AirAsia Co., Ltd's Board of Directors are as follows:

- Announce dividend payments or other payments in the same nature as dividends to shareholders.
- Propose any increase and/or decrease and/or other alteration to the registered capital and authorized capital by the Company or the issue of any new class of shares in the share capital of the Company or the issue of any securities or convertible instruments by the Company.
- Propose any amendment in the Memorandum and/or Articles of Association of the Company.
- To approve and to change or adjust the Company's business plans and/or budgets for any fiscal year.
- To approve any business operation or legal transaction of over THB 100,000,000 (One Hundred Million Thai Baht) in total, except cases that have already been specified in the Company's approved budgets.
- Change the structure of the Company or the merger with or acquisition of other company, association, partnership, or any other legal entity.

7. Change the nature or scope of business of the Company at the time, which is not coherent or related to the scope of or the nature of business of the Company. (One Hundred Million Thai Baht) or the equivalence in other currency, except cases that have already been specified in the Company's approved budgets.
8. Appoint or dismiss Senior Management and to approve any contract concerning employment regulations or remuneration and benefits of Directors or senior human resources of the Company, or any amendment in the aforementioned matters.
9. The sale, transfer or disposal of any substantial part of business, assets or properties of the Company, including the issuance of any fixed or variable obligation or right of retention mortgage, guarantee, or any other obligation over Company's assets or properties.
10. Any financial transaction of the Company, including any existing and future loan, debt or account payable or other loan obligation (or debt or account payable or any other loan obligation), or the Company entering into any guarantee contract which results in debt, with the total value of over THB 100,000,000
11. Capital expenditure or capital obligation, or capital expenditure or successive capital debt obligation the total value of over THB 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency in any fiscal year, except cases that have already been specified in the Company's approved budgets.
12. Change auditor, fiscal year, or significant accounting policies of the Company.
13. Enter into any hedging transaction to hedge against fluctuation of the Company's investment, assets or liabilities with the total value of over THB 100,000,000 (One Hundred Million Thai Baht) or the equivalence in other currency, except cases that have already been specified in the Company's approved budgets.
14. Approve the Company's Authority Limit framework.

Board of Directors' Meeting of Thai AirAsia Co., Ltd.

The followings are the details of attendance of the Board of Directors' meeting in 2013

Name	No. of Attendance / Total Meeting 2013
1. Mr. Arak Chonlatanon ¹⁾	2/4
2. Tan Sri Anthony Francis Fernandes	2/4
3. Dato Kamarudin Bin Meranun	2/4
4. Mr. Tassapon Bijleveld	4/4
5. Mr. Pornanan Gerdprasert	4/4
6. Mr. Preechaya Rasametarin	4/4
7. Mr. Nuttawut Phowborom	4/4
8. Dato Ahmad Farid Bin Ridzuan	0/4

1) Mr. Arak Chonlatanon has been appointed as the Directors of Thai AirAsia Co., Ltd. on January 11, 2013, therefore, did not attend the Board of Directors' Meeting No. 1/2013.

Audit Committee

Thai AirAsia Co., Ltd's Audit Committee comprises three independent directors and has the qualifications that meet the requirement of the Thai Capital Market Supervisory Board. As at December 31, 2013, Thai AirAsia Co., Ltd's Audit Committee is as follows:

Name	Position
1. Mr. Arak Chonlatanon ¹⁾	Chairman of Audit Committee
2. Mr. Nuttawut Phowborom	Audit Committee
3. Dato AhmadFarid Bin Ridzuan	Audit Committee

1) Mr. Arak Chonlatanon has been appointed as the Directors of Thai AirAsia Co., Ltd. on January 11, 2013.

Mr. Nuttawut Phowborom has sufficient knowledge and experience to review the reliability of the financial statements of the Company.

The Secretary to the Company's Audit Committee is Ms. Duangporn Tantiwiwat.

Terms of Positions

Members of the Audit Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Audit Committees' Meeting

The followings are the details of attendance of the Audit Committees' meeting in 2013

Name	No. of Attendance / Total Meeting
1. Mr. Arak Chonlatanon	3/4
2. Mr. Nuttawut Phowborom	4/4
3. Dato Ahmad Farid Bin Ridzuan	0/4

Scope of Duties and Responsibilities of the Audit Committee

Scope of duties and responsibilities of the Audit Committee are the same as those of Asia Aviation Plc. (please see the details under the same section for Asia Aviation Plc.).

Risk Management Committee

As Asia Aviation Plc. operates its business by holding shares in Thai AirAsiaCo.,Ltd. which is its subsidiary that operates the main business for the Company, therefore, risk management system has been established for Thai AirAsia Co., Ltd. As of December 31, 2013, Thai AirAsia Co., Ltd's Risk Management Committee consists of 7 directors as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Chairman of Risk Management Committee
2. Mr. Pornanan Gerdprasert	Risk Management Committee
3. Mr. Preechaya Rasametani	Risk Management Committee
4. Captain Tanapat Ngamplang	Risk Management Committee
5. M.L. Bovornovadep Devakula	Risk Management Committee
6. Mr. Santisuk Klongchaiya	Risk Management Committee
7. Mr. Natthawach Siriwongsal	Risk Management Committee

Scope of Duties and Responsibilities of the Risk Management Committee of Thai AirAsia Co., Ltd

1. Set risk management policies to cover all risks from business operation.
2. Consider and approve risk management plans.
3. Appoint risk management working groups as necessary to support risk management working groups for human resources, budgets, and other resources, in line with areas of responsibilities.
4. Follow-up the risk management procedures systematically from the start of the process to identify risks to the analysis and evaluation and report.
5. Provide advisory support to units within the organization regarding risk management procedures with continuous follow up and evaluation.
6. Continually report to Board of Directors regarding risks and significant risk management.



Executives

(Executives, according to the definition in the Notification of the Securities and Exchange Commission No.KorChor. 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities (and its amendments))

As at December 31, 2013, the list of Thai AirAsia Co., Ltd's Executives is as follows:

Name	Position
1. Mr. Tassapon Bijleveld	Chief Executive Officer
2. Mr. Pornanan Gerdprasert	Chief Financial Officer
3. Mr. Preechaya Rasametanin	Director of Engineering
4. Captain Tanapat Ngamplang	Director of Operations
5. Mr. Santisuk Klongchaiya	Director of Commercial
6. M.L. Bovornovadep Devakula	Director of Business Development
7. Mr. Natthawach Siriwongsal	Director of Ancillary Revenue

Remark: Executive means a director, manager or a person holding a management-level-position of the first four ranking below the manager, a person holding a position equivalent to the person holding a management-level-position of the fourth ranking, including a person holding a management-level-position in an accounting or finance department at the level of manager of the department or higher or an equivalent position.

Duties and Responsibilities of the Chief Executive Officer

1. Responsible for administering Thai AirAsia Co., Ltd's business and/or day-to-day operation to be in line with the policies, business strategies, objectives, business plans, financial goals, and budgets of Thai AirAsia Co., Ltd as authorized by the Board of Directors of Thai AirAsia Co., Ltd and/or resolutions of the Shareholders' Meeting.
2. Establish corporate structure and administrative procedures, including recruitment, training, dismissal, and remuneration, compensation and other benefits for employees.
3. Monitor and report situation and position of Thai AirAsia Co., Ltd and to propose alternatives and strategies in accordance to policies and market situation.
4. Manage and control all areas of operation for Thai AirAsia Co., Ltd, including finance, risk management, internal control, business operations and support functions, and human resources.
5. Represent Thai AirAsia Co., Ltd and be designated as authorized person in liaising with government agencies and other organizations.
6. Oversee communication activities with the public, stakeholders, customers, and staff members in order to promote image and reputation of Thai AirAsia Co., Ltd.
7. Authorize the establishment, amendment, and modification of the employment rules and regulations for Thai AirAsia Co., Ltd such as recruitment, dismissal, and employee regulations, as well as remuneration and other compensation, and benefits.

8. Consider, negotiate, and approve legal transactions, and/or and business operation activities, and/or daily business administration of Thai AirAsia Co., Ltd within the Authority Limits approved by the Board of Directors of Thai AirAsia Co., Ltd.
9. To be responsible and designated as assigned or according to policies assigned by the Board of Directors of Thai AirAsia Co., Ltd.

The Chief Executive Officer may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued

power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of the Chief Executive Officer shall not provide Chief Executive Officer or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with Thai AirAsia Co., Ltd or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

Nomination and Remuneration Committee

Thai AirAsia Co., Ltd.'s Board of Directors' Meeting No. 1, held on March 3, 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee, which comprises of three Committee members as follows:

Name	Position
1. Mr. Nuttawut Phowborom	Chairman of the Nomination and Compensation Committee
2. Mr. Arak Chonlatanon	Nomination and Compensation Committee
3. Mr. Tassapon Bijleveld	Nomination and Compensation Committee

The Nomination and Compensation Committee has been set up in 2014 for the first time, therefore, there is no details on meeting in 2013.

Terms of Positions for Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee serve a term of three years and are eligible for re-appointment at the end of the term.

Scope of Authority and Responsibilities for Nomination

1. To determine the structure, size, and composition of the Board of Directors to be suitable for the organization and its changing environment.
2. To determine guidelines and policies on nominating the Board of Directors and subcommittee members and consider qualified candidates to replace those who are vacating the office, then propose the matters for approval by Board of Directors and/or shareholders as the case may be. The nomination

of the Company's Directors shall be considered from candidates proposed by Shareholders Group A and/or Shareholders Group B as specified in the Company's Articles of Association.

3. To nominate qualified candidates to become Chief Executive Officer in case of vacancy, and determine the succession plan for positions of Chief Executive Officer and top executives.
4. To perform of other tasks as assigned by the Board of Directors.

Nomination of Directors

The Company has appointed the Nomination Committee to consider qualified candidates to replace the Directors whose positions are vacant by rotation or other reasons, in consideration of candidates proposed by Shareholders Group A and/or Shareholders Group B as specified in the Company's Articles of Association. Candidates shall be proposed to the Company's Board of Directors for consideration before approval from Shareholders (on a case-by-case basis). Nevertheless, the Nomination Committee shall consider the knowledge, capability, work experiences, and the overview of the Company's Board of Directors for skills that are still lacking, in order to select the candidates that are most suitable for the position in terms of knowledge, capability, and work experiences which are beneficial for the Company, to be the Directors. The appointed Directors of Thai AirAsia Co., Ltd. shall meet all the requirements specified under Article 68 of Public Limited Companies Act B.E. 2535 (and its amendments) and the notifications by Securities and Exchange Commission, and shall not possess any of the prohibited characteristics in compliance with the Securities and Exchange Act B.E. 2535 (and its amendments) and other applicable laws and regulations.

The Composition and appointment of the Company's Directors

The composition, appointment, withdrawal and termination of Thai Air Asia Co., Ltd's Directors shall be as prescribed by the Article of Association which can be summarized as follows:

1. Thai Air Asia Co., Ltd's Board of Directors comprises of not more than nine Directors. Number of Directors are nominated as follows:
 - (1) Two Directors or less shall be nominated by Group A Shareholders ("Group A Directors").
 - (2) Three Directors or less shall be nominated by Group B Shareholders ("Group B Directors").
 - (3) Four Directors or less shall be Independent Directors.

Remark: Group A Directors are the Directors nominated by AAI and appointed as Directors.

Group B Directors are the Directors nominated by Asia Aviation Plc. and appointed as Directors.

2. At every Annual General Meeting, one-third of the total number of the directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third must retire from the office. The retiring directors are eligible for re-elected.

In case of vacancy due to reasons other than by rotation, the Board of Directors shall appoint any candidate from the same Shareholder Group as the recently vacated director to fill the position. The replacement Director shall retain the office only for the remaining term of the Director whom he/she replaces.

The Composition and appointment of the Audit Committee

Thai AirAsia Co. Ltd's Board of Directors shall appoint at least three members of Audit Committee from independent directors whose qualifications meet the requirements per the Notification of the Thai Capital Market Supervisory Board and the Stock exchange of Thailand as follows:

1. Not being a director authorized by the Board of Directors to make any decision in the business operation of Thai AirAsia Co. Ltd, its parent company, its subsidiary company, its affiliate company, its subsidiary company at the same level, major shareholder or control person of Thai AirAsia Co. Ltd, and
2. Not being a director of a parent company, its subsidiary company or its subsidiary company at the same level which is a listed company, and
3. Having sufficient knowledge and experience to conduct the duty as an Audit Committee member.

At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements of Thai AirAsia Co., Ltd.

Should any of the members of the Audit Committee vacates his or her office by rotation or any other reasons, and leaves the number of less than three Committee members, Board of Directors shall appoint a replacement within three months after the office is vacated in order for the Committee to continue their duties without any disruption.

Scope of Authority and Responsibilities for Remuneration

1. To determine criteria and the form of payment to the Board of Directors, subcommittees and Chief Executive Officer, which are clear, appropriate and correspond to each person's responsibilities and his/

her performance in relation with the business operation, and other relevant factors, while taking into consideration remunerations provided by other leading companies in the Stock Exchange and companies in the same or similar industry.

2. To determine appropriate remuneration for the Board of Directors and subcommittees for the Board of Directors' consideration and propose to the Shareholders' Meeting for approval.
3. To disclose the policy for Board of Directors' remuneration, including its principles, reasons, and objectives in the Annual Report.
4. To responsible for other tasks as assigned by the Board of Directors.

Policy on Remuneration and Criteria for Each Director's Remuneration

At the Thai AirAsia Co., Ltd.'s Board of Directors' Meeting No. 1, held on March 3, 2014, the resolution was to approve the criteria in consideration for remuneration for the Company's Directors as follows:

To determine remuneration for the Board of Directors, the Remuneration Committee shall consider the following guideline:

1. Policy on for remuneration for the Board of Directors and Management

Thai AirAsia Co., Ltd. has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for directors in other leading companies in the Stock Exchange and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors and management.

Remuneration Committee shall considers types, forms, and amount of the remuneration for the Board of Directors, subcommittees and Chief Executive Officer. The remuneration for the Board of Directors and subcommittees shall be proposed to the Board of Director Meeting and Annual General Meeting of Shareholders for approval.

2. Remuneration for the Board of Directors and subcommittees

At the Annual General Meeting of Shareholders 2013, held on April 23, 2013, the resolution was to approve the remuneration for the Board of Directors and subcommittees as follows:

Monetary Remuneration

- Directors shall be entitled for a meeting allowance of THB 40,000 per meeting per person. The Chairman of the Board of Directors shall receive 25 percent more allowance than other Directors.
- Members of the Audit Committee (not inclusive in remuneration for Directors) shall be entitled to the same amount of meeting allowance as the Company's Directors.
- In case of the Directors getting appointed by the Board of Directors or Chairman of the Board of Directors as members of Committees or members of Working Groups of the Company, the said Directors shall be entitled for an addition meeting allowance of THB 20,000 per meeting per person. If there are more than one meeting in a month, the said Directors shall receive only THB 20,000 additional allowance.

Structure of Directors' Remuneration in 2013

Director	Monetary Remuneration (THB)		
	Monthly	Meeting Allowance	Bonus
Board of Directors			
- Chairman	-	50,000	-
- Director	-	40,000	-
Audit Committee			
- Chairman	-	50,000	-
- Member	-	40,000	-
Executive Committee¹⁾			
- Chief Executive Officer	-	-	-
- Member	-	-	-

1) Members of Executive Committee who are members of the management are not entitled for remuneration as Directors or members of Committee.

Monetary remunerations of the two individual Directors who are not members of the management are the total of THB 0.57 million. The remunerations include salary and meeting allowance as follows:

Director	Position	Director's Remuneration (THB)		
		Board of Directors	Audit Committee	Total
Mr. Arak Chonlatanon	Chairman of the Board of Director / Chairman of the Audit Committee	100,000	150,000	250,000
Mr. Nuttawut Phowborom	Director / Audit Committee	160,000	160,000	320,000

In 2013, Thai AirAsia Co., Ltd. has paid remunerations for Chief Executive Officer and 7 members of the management in total of THB 63.25 million in the forms of salaries and bonuses.

The aforementioned policy on Directors' remuneration in 2013 is the same as the policy in 2012.

Human Resources and Training

General Information

Asia Aviation Plc.

All employees of Asia Aviation Plc. had been transferred to Thai AirAsia Co., Ltd since December 31, 2011

Thai AirAsia Co., Ltd

The number of employees as at December 31, 2013 was 2,922 persons and could be categorized by responsibility and geography as follows:

Responsibility	31 December 2013	Geography	31 December 2013
Pilot and Co-Pilot	353	Bangkok	2,331
Flight Attendant	719	Phuket	194
Ground Operation	469	Chiang Mai	151
Engineer	246	Others	246
Marketing	19	Total	2,922
Head Office	276		
Others	840		
Total	2,922		

Asia Aviation Plc. and Thai AirAsia Co., Ltd are aware of the necessity of uninterrupted management of Thai AirAsia Co., Ltd in order to maintain the competitive advantages Thai AirAsia Co., Ltd has over its competitors. Therefore, directors of Asia Aviation Plc. and Thai AirAsia Co., Ltd believe that the continual success of Thai AirAsia Co., Ltd depends on many factors, including the support and dedication of the management of Asia Aviation Plc. and Thai AirAsia Co., Ltd. Consequently, Asia Aviation Plc. and Thai AirAsia Co., Ltd have adjusted their human resource strategies, including competitive remuneration, recruitment process that aligns with the objectives, and development and succession plans.

The loss of any key human resource may significantly cause a negative impact for Asia Aviation Plc. and Thai AirAsia Co., Ltd. This results in the effort of Thai AirAsia Co., Ltd to motivate and retain its staff members by motivation plans on the basis of operating outcome and skill enhancement with staff training. Thai AirAsia Co., Ltd has regularly encouraged its employees to participate in seminars and trainings to facilitate related skill and capability enhancement (both in term of operation and development) in alignment with the business objectives. Employee training is an important path to transfer knowledge of experts toward new or low-level employees. Investment in human resources increases the capability of Thai AirAsia Co. Ltd's employees and prepares middle- or low-level employees to take on responsibilities of more senior management respectively.

Labor Dispute during the Last Three Years

There has been no significant labor dispute during the last three years.

Remuneration for Human Resources

Overall Remuneration for Employees

Asia Aviation Plc.

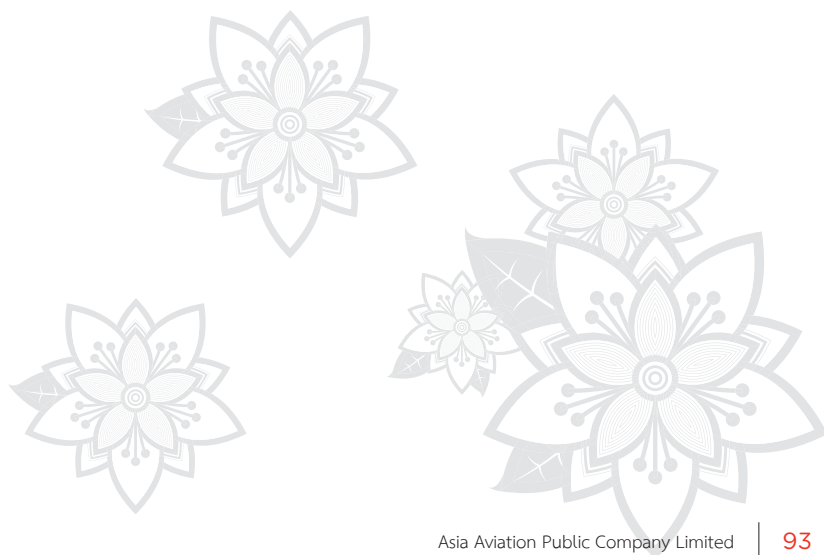
For the year 2013, Asia Aviation Plc. did not have remuneration for employees because all Asia Aviation Plc.'s employees had been transferred to Thai AirAsia Co., Ltd since 31 December 2011.

Thai AirAsia Co., Ltd.

For the year 2013, Total remuneration for Thai AirAsia Co., Ltd's employees includes salary, bonuses, overtime, provident funds and other compensation was Baht 2,480.5 million.

Provident Fund

Asia Aviation Plc. and Thai AirAsia Co., Ltd have set up a provident fund in accordance to the Provident Fund Act B.E. 2530 (and its amendements). Asia Aviation Plc. and Thai AirAsia Co., Ltd. contribute 3 - 10% of salaries to the provident fund and employees contribute 3 - 10% of their salaries. However, Asia Aviation Plc. does not have any employee.



Staff Development

Training

- **Pilot**

All student pilots of Thai AirAsia Co., Ltd. enroll for domestic trainings at Bangkok Aviation Center Co., Ltd (BAC). BAC provides modern and advanced equipment and is certified by Federal Aviation Administration (FAA), Joint Aviation Requirements (JAR) and Civil Aviation Authority (CAA). BAC offers aviation trainings which are approved a standard. Thai AirAsia Co., Ltd grants an equal opportunity in student pilot recruitment. Employees from other departments can also apply. Student pilots usually finish their trainings in one year and continue with flight stimulator training for Airbus A320 aircraft. Thai AirAsia Co., Ltd provides financial support for the trainings for student pilots, in return for the employment contract of ten years with Thai AirAsia Co., Ltd. In addition, Thai AirAsia Co., Ltd also recruits experienced pilots from other carriers. As of December 31, 2013, Thai AirAsia Co., Ltd has 260 pilots and the number will increase to 522 pilots by 2016.

Newly recruited pilots of Thai AirAsia Co., Ltd who have not been trained for specific aircrafts will be required to take part in the said trainings first. Trainings for specific aircrafts are the categorizing system to allow each pilot to specialize in one type of aircraft specially. Currently pilots are trained with Airbus A320 Flight Simulator, operated by Asian Aviation Centre of Excellence in Kuala Lumpur, established by AAB in 2005 and managed by CAE Inc., who is the provider of flight simulators for aviation training services.

- **Cabin Crew**

The 60-day (inclusive of holidays) cabin crew training projects are held at Asian Aviation Centre of Excellence in Kuala Lumpur and at the office of Thai AirAsia Co., Ltd in Bangkok. All the trainings are facilitated by cabin crew and pilot trainers of Thai AirAsia Co., Ltd. All the trainings cover safety operation in emergency, first aid, cabin familiarization, public announcement, grooming, and customer services and selling skills for products on the flight. The safety factors and regulations for this project are certified by the Department of Civil Aviation.

Cabin crew shall be able to communicate in English and take part in regular trainings, for example, (organizational) resources management training, dangerous good management training, training to handle passengers with inappropriate manners, and terrorist identification training. Additionally, cabin crew shall also participate in the revision training for safety procedures in emergency and first aid training every year.

- **Ground Staff**

All ground personnel shall take part in customer service training at Asian Aviation Centre of Excellence in Kuala Lumpur, which covers ticket reservation and check-in procedures of Thai AirAsia Co., Ltd, baggage claim procedures, and customer services. Ground staff are taking part in year-round trainings, for example, dangerous good identification, first aid, and bomb threat handling.





Ground personnel also need to participate in ramp training for two to three weeks, which covers driving on the apron, cargo loading and cargo transfer, air traffic signaling, aircraft towing, apron safety, and safety procedures. Moreover, newly recruited employees also need to learn civil aviation regulations, aircraft maps, and vehicle movement regulations in the airport.

- **Engineer**

All engineers of Thai AirAsia Co., Ltd shall take part in training at Asian Aviation Centre of Excellence in Kuala Lumpur. The training takes 52 days with three-month on-the-job training before a test by the Quality Assurance Department of Thai AirAsia Co., Ltd. Nevertheless, Thai AirAsia Co., Ltd is offering a commitment for an employment of two years in return. Engineers at Thai AirAsia Co., Ltd are stationed at the Company's flight centers in Bangkok and Phuket.

Audit Fee

Asia Aviation Plc. And subsidiary's external auditors for 2013 is PricewaterCooper ABAS Ltd. Which does not have any relation or any conflict of interest with the Company, the Executives, or the major Shareholder's or anyone related to the aforementioned persons. Details are as follows ;

- **Audit Fee**

In 2013, Asia Aviation Plc. and subsidiary paid the audit fee of 4.50 million baht to the office of the Auditors, comprising Asia Aviation Plc and subsidiary's audit fees of 1.03 million baht and 3.47 million baht, respectively. No other audit fee had been paid to the auditors or related parties to the auditors and the Auditors' office.

- **Non-Audit Fee**

Asia Aviation Plc. and subsidiary paid total non-audit fee for the special purpose review and advisory service was 0.54 million baht. No the expense of undelivered work for the year 2013.

The engagements of the office of the Auditors and its related parties to provide the non-audit work were reported to the Audit Committee to ensure that it would not involve any conflict of interest or any review of their own work which would contaminate the independence judgment of the auditors.



Corporate Governance

Asia Aviation Plc., through its directors, management and employees, has complied and followed the principles of good corporate governance, and believes that good corporate governance is the key success factor. Asia Aviation Plc., as an organization with social responsibility, has adopted the principles of good corporate governance detailed as follows:

Principles of Good Corporate Governance

In awareness of the importance of good corporate governance with the belief that effective, transparent, and measurable administration will create confidence for shareholders, investors, and stakeholders, which in turns, will add value and promote sustainable growth for the Company, therefore, the Board of Directors of Asia Aviation Plc. has established the policy to follow the Code of Best Practices for Directors of Listed Company and adopted the policy in accordance to the Principles of Good Corporate Governance For Listed Companies, 2013, as prescribed by the Stock Exchange of Thailand. Policy is reviewed and communicated to Directors, Management, and employees to adhere. The policy covers the shareholders' rights; equitable treatment of shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors.

In 2013, the practices under the Corporate Governance policy in each section are reported as follows:

Section 1 Rights of Shareholders

Asia Aviation Plc. is aware of and prioritizes the fundamental rights of the shareholders, by not doing anything to violate the rights of its shareholders and supporting its shareholders to exercise their rights. The fundamental rights of the shareholders include the right to buy and sell or to transfer shares, the right to receive profit sharing from Asia Aviation Plc., the right to receive adequate information with regard to Asia Aviation Plc., the rights relating to participation and voting in the shareholders meeting to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affect the company such as dividends payment, amendments to the company's memorandum of association and articles of association or the company's bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Asia Aviation Plc. has the policy to provide convenience for the shareholders to exercise their rights as follows:

- Asia Aviation Plc. will send the notice of the shareholders' meeting and supporting documents to each shareholder at least five business days prior to the meeting date (or any period of time as required by laws). The invitation will provide relevant information on each agenda item with opinions from



the Board of Directors of Asia Aviation Plc., proxy form as regulated by Ministry of Commerce, and list of independent directors that the shareholders may select as their proxy, as well as map of the meeting venue.

Required documents that the shareholders need to bring to the meeting will also be sent along with the invitation in order to support the rights to participation in the shareholders meeting and to voting, as regulated by Asia Aviation Plc.'s articles of association regarding the shareholders' meeting.

Shareholders can also access any information concerning the agenda of the each meeting of Asia Aviation Plc. at www.aavplc.com

- In the case that any shareholder cannot attend a shareholders' meeting in person, Asia Aviation Plc. allows such shareholder to appoint a proxy, either an independent director or any person, to attend the meeting on his/her behalf.
- Chairman of the meeting will inform the shareholders of rules of the meeting and voting procedures. Time will be allotted appropriately.
- All shareholders will be treated equally in expressing their opinion and raising questions in the meeting. Directors and relevant management team members will attend the shareholders' meeting to provide responses to any inquiry raised at the meeting and to take any comments and suggestions into consideration or for further actions. After the shareholders' meeting, Asia Aviation Plc. prepares the complete and accurate minutes of the meeting

within 14 days and submits to related agencies within the prescribed timeframe. Minutes of the meeting will also be posted on Asia Aviation Plc.'s website to allow interested shareholders and stakeholders to access the information.

Section 2 **Equitable Treatment of Shareholders**

Asia Aviation Plc. applies the principle of equal treatment to all shareholders, management or non-management shareholders, majority or minority shareholders, or local or foreign shareholders, as follows:

- Meeting shall be carried out as specified in the agenda enclosed with the meeting notice. Additional agenda item shall not be impose without informing the shareholders prior to the meeting unless necessary, especially items that shareholders should need significant time to study relevant information before making any decision.
- The minority shareholders can nominate directors by submitting details of nominees and proxy letters to the Board of Directors prior to the shareholders meeting within reasonable time period as regulated by Asia Aviation Plc.
- Shareholders are encouraged the use of ballots for each agenda item. Ballots shall be kept in the meeting room for vote count prior to the resolution announcement. For transparency, Asia Aviation Plc. will keep the ballots with shareholders' or proxy's signatures in case of examination if there is any future argument.

- Minutes of meeting shall be recorded completely and accurately. The minutes will be submitted to the Stock Exchange of Thailand within 14 days after the meeting. Minutes of the meeting will also be posted on Asia Aviation Plc.'s website.
- Information is accessible in a complete, accurate, timely, and transparent manner, for shareholders by making relevant and significant information available regularly.
- The Company and its subsidiaries have set up clear policy and regulations to prevent Directors, Management and employees from using the Company's inside information for their own benefits. The policy is communicated for Directors, Management and employees' awareness and practice under the Business Ethics with the details listed under the "Use of Inside Information"

Section 3 Role of Stakeholders

Asia Aviation Plc. has placed importance on all of its stakeholders and established a policy as follows:

Shareholders

Asia Aviation Plc. determines to be a good representative for its shareholders in conducting its business for the satisfaction of its shareholders with transparency and emphasis on sustainable long-term growth, and to ensure the adherence of the policy regarding shareholders to maintain the basic rights of the shareholders, and to not violate the rights of the shareholders listed under Rights of Shareholders and Equitable Treatment of Shareholders, alongwith the transparent disclosure of information to shareholders.

The encourage for the shareholders to attend the Shareholders' Meeting to help participate in major decision making, to acknowledge the Company's operation and activities, and to monitor the performance of the Directors and Management.

Employees

Our employees are our most valuable resource and key to Asia Aviation Plc.'s success. Therefore, Asia Aviation Plc. and its subsidiaries are committed to continuously enhance our corporate culture and good working environment, to promote teamwork, and to treat our employees with courtesy and to respect them as individuals. The employment, appointment, and transfer shall be on the ethical basis and the human resources shall be engaged to the best advantage to Asia Aviation Plc.

Asia Aviation Plc. and its subsidiaries take responsibility in maintaining the safe working environment for both employees and their properties. Labor laws are strictly followed as well.

Asia Aviation Plc. and its subsidiaries respect its employees' privacy. Their private information, for example, salaries, medical records, and families, shall not be disclosed to outsiders or those who are not relevant, unless the information is required to be disclosed to the third party by laws.

Nonetheless, details of the policy regarding responsibilities toward employees in 2013 are listed in the "Corporate Social Responsibility"

Customers

Asia Aviation Plc. is committed to customers' satisfaction and confidence in the Company by delivering quality products and services at a fair and appropriate price, and to maintain good relations. The operation guideline is set as follows:

- Provide quality products and services with the resolute aim to constantly increase the standards and disclose news and information regarding products and services completely and accurately.

- Directors, executives and employees at all levels shall not disclose customers' details without prior consent from customers or control persons of the company group, unless the information is required to be disclosed to the third party by laws.

Nonetheless, details of the policy regarding responsibilities toward customers in 2013 are listed in the "Corporate Social Responsibility"

Business Partners

Asia Aviation Plc. conducts its business with its partners in a manner that does not result in any negative impact on the Company's reputation, nor violate any laws or regulations. The Company takes into consideration the equality in business operation and mutual interest for its partners. Vendor selection shall be done in compliance with the procurement regulations that clearly specify the process and practice. Asia Aviation Plc. believes that business partner is an important factor in helping create value for customers.

Creditors

Asia Aviation Plc. and its subsidiaries adhere to their commitments to the conditions and terms of agreements the Company has entered into with its creditors, especially in the repayment, interests, and collateral in a manner that shall not result in any damages and shall create confidence for creditors in the Company's financial status and the ability for repayment.

Competitors

Asia Aviation Plc. and its subsidiaries have a policy to promote and support fair and open competition. Asia Aviation Plc. does not seek its competitors' trade secrets or information through illegal or unethical means. The Company shall not violate the intellectual properties of its competitors or others.

Society

Asia Aviation Plc., as a Thai corporation, is well aware and grateful for the country. As part of the community, Asia Aviation Plc. has a social obligation to support the society and community in which Asia Aviation Plc. is operating.

Asia Aviation Plc. has a policy to provide environmentally friendly products and services and to follow environmental related laws.

Asia Aviation Plc. promotes activities that help preserve the nature and conserve energy. It has a policy to select and promote the use of environmentally friendly products.

Nonetheless, details of the policy regarding responsibilities toward the society in 2013 are listed in the "Corporate Social Responsibility"

Communication with Stakeholders and Whistleblowing Policy

Stakeholders can inquire for information, complain, or report any unlawful violation, the inaccuracy of financial reports or internal control system, and the breach of business ethics of the Company and its subsidiaries directly to the Independent Directors or the Audit Committee at taa_auditcommittee@airasia.com and thaiwhistleblower@airasia.com.

Nonetheless, the Company has disclosed Whistleblowing Policy on its website at www.aavplc.com under "Investor Relation" and "Shareholders Resources". Complaints and reports shall be protected and treated confidentially by the Independent Directors or the Audit Committee for further inspection and solution (if any) and shall be reported to the Board of Directors later.

Section 4 Information Disclosure and Transparency

Asia Aviation Plc. has put an importance on disclosing information that is accurate, complete, transparent, timely, and up to the standards set by to the Stock Exchange of Thailand and the Securities and Exchange Commission. This covers financial reports, general information, and any other significant information that can affect the price of stocks and decision making of investors and stakeholders of Asia Aviation Plc. In order for stakeholders of Asia Aviation Plc. to have an equal access to information, Asia Aviation Plc. is publishing its information through the Stock Exchange of Thailand and Asia Aviation Plc.'s website at www.aavplc.com

The Board of Directors is aware of the responsibility in preparing Asia Aviation Plc.'s financial reports and information presented to shareholders in annual reports, and in assuring the quality of the financial reports, including financial statements of Asia Aviation Plc. Asia Aviation Plc. arranges to have the financial reports done according to the accounting standards and audited by reliable and independent auditors. Asia Aviation Plc. has established and adhered to appropriate accounting policies and made certain that financial reports of Asia Aviation Plc. are accurate, complete, and trustworthy, with important information being accessible.

The Board of Directors also set up an Audit Committee to review the financial reports for their accuracy, completion, and reliability and to make sure information is disclosed in an accurate, transparent and timely manner as regulated for listed companies. The Audit Committee also ensures effective internal control and that laws and regulations, as well as Asia Aviation Plc.'s regulations are adhered to. Moreover, the Committee looks into transactions related to or transactions with conflict of interest and consider the reasonableness and appropriateness before proposing to the Board of Directors of Asia Aviation Plc. for further consideration.

The Company has a policy to disclose important information to the public as follows:

1. Objectives and Articles of Association of the Company
2. Financial and Non Financial reports in an accurate and timely manner
3. Report on the responsibilities of the Board of Directors toward financial statements together with the Auditor's report in the Annual Report
4. Information on each Director and subcommittee member and his/her roles and responsibilities and remuneration
5. Information on the attendance of Directors and subcommittee members in meetings
6. Reports on the Interests of Directors, Management, and related persons
7. Shareholding reports of the Company's Directors

For investor relations, Asia Aviation Plc. has set up the Investor Relations Unit to handle the content of the information of Asia Aviation Plc. for those who are interested, for example, shareholders, analysts, and investors. The channel of communication is as follows:

Telephone: (66) 2562 5745
Fax: (66) 2562 5705
Email: taa_investorrelations@airasia.com
Website: www.aavplc.com

In 2013, investor relation activities are summarized as follows:

- Roadshow activities in the country and abroad with meetings and discussion sessions with institutional investors to inform and provide information of the Company and its subsidiaries
- Quarterly Analyst Meeting
- Press conference and press release to publicize the performance of the Company and its subsidiaries

The Company also arranges for the Compliance Unit to oversee the disclosure of information through various channels, for example, the Company's website, The Stock Exchange of Thailand's website, and annual reports. Information shall be accurate, sufficient, timely, and complete, as required by laws, in order to create confidence from investors in the Company's transparency in business operation.

Section 5 **Responsibilities of the Board of Directors**

Leadership and Vision

Asia Aviation Plc.'s Board of Directors consists of Directors with leadership skill and vision to drive Thai AirAsia to become a leading low-cost airline in the region, to provide the most value quality services that are trustworthy and safe.

The Company's Board of Directors revises and specifies vision and mission for the Company every five years to keep them relevant and appropriate for the changing business environment in the future.

Board of Directors' Structure

Asia Aviation Plc.'s Board of Directors consists of nine directors with three being the Independent Directors who are fully qualified under the relevant regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. Each Director has knowledge, competence and experience in the business. The number of Directors shall be sufficient to oversee the business of the Company, with at least one Director with direct experiences in aviation business and another one Director with experiences in accounting and finance.

Asia Aviation Plc.'s Board of Directors has the duties to set out policies, visions, strategies, goals, missions, business plans and budgets of Asia Aviation Plc., as well as to supervise the management team to effectively and efficiently manage the business of Asia Aviation Plc. under the legal framework, objectives, articles of association of Asia Aviation Plc. and the resolutions of the Board of Directors' meeting and the shareholders' meeting. Such duties must be performed with accountability, loyalty and care under the principles of good corporate governance in order to achieve the best economic value for the business and stability for its shareholders.

Qualifications of Directors

1. Directors shall be the persons with knowledge and competency, honesty and integrity in business operation, and sufficient time to dedicate their knowledge and competency for their performance in the Company.

2. Directors shall possess full qualifications and do not have any prohibited characters in compliance with applicable laws related to public companies and other relevant laws, nor any characters that result in the inappropriateness to be trusted with the administration of a public company according to the Notifications of the Securities and Exchange Commission (SEC).
3. The Directors shall not undertake any business or be a shareholder of any business which has the same nature as and is in competition with the business of Asia Aviation Plc. for their own or others' interests, except the Shareholders' Meeting has been informed prior to the appointment.
4. The Directors shall not hold the position of Director in more than five other listed companies. In case of any Director holding the position of Director in more than five listed companies, the Board of Directors shall determine the effectiveness of his/her performance. In the case of the Chief Executive Officer taking the position of Director in other company, the matter needs to pass the approval from the Company's Board of Directors.
2. Not being, nor having been, a director who participates in the management, an employee, staff member or advisor who receives a regular salary, or a control person of Asia Aviation Plc., its parent company, subsidiary company, its associated company, its subsidiary at the same level, major shareholder or control person of Asia Aviation Plc., unless the holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC. However, such prohibition shall not apply in the case where such independent director has been a government official or consultant of the government sector, which is a major shareholder, or control person of Asia Aviation Plc.;
3. Not being person who has a relationship by blood or registration under laws, as father, mother, spouse, sibling, and child, including spouse of child, of its directors, its executives, its major shareholder, its control person or the person who will be nominated to take up the position of director or executive or control person of Asia Aviation Plc. or its subsidiary;

Qualifications of Independent Directors

The Independent Directors shall possess all the qualifications required by the Capital Market Supervisory Board and the Stock Exchange of Thailand, and can oversee the interest of all shareholders equally without any conflicts of interests. The Independent Directors shall be able to attend the Board of Directors' Meetings and provide opinions independently. The qualifications are as follows:

1. Holding not exceeding 1% of the total shares with voting rights of Asia Aviation Plc., its parent Company, its subsidiary company, its associated Company, major shareholder or control person of Asia Aviation Plc.. (inclusive of the shares held by any related person of such independent director);
4. Not having, or not having had, any business relationship with Asia Aviation Plc., its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation Plc. in a manner which may obstruct its independent judgment. Additionally, not being or not having been a substantial shareholder or control person of a person who has a business relationship with Asia Aviation Plc. its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation Plc., unless such business relationship has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC.
(the aforementioned business relationship and transaction size shall have the same definition as in the Notification of the Thai Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares);

5. Not being, or not having been, an auditor of Asia Aviation Plc., its parent company, its subsidiary company, its associated company, major shareholder, control person of Asia Aviation Plc., major shareholder or control person or the partner of the audit company for which the auditor of Asia Aviation Plc., its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation Plc. has worked therein, unless such holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC;
6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from Asia Aviation Plc., its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation Plc., and not being major shareholder or control person or the partner of such professional service provider, unless such business relationship has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC;
7. Not being a director nominated to be a representative of a director of Asia Aviation Plc., major shareholder or shareholder who are related persons to the major shareholder;
8. Not undertaking any business which has the same nature as and is in competition with the business of Asia Aviation Plc. or its subsidiary company or not being a partner of the partnership or a director who participates in the management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding 1% of the total shares with voting right of other companies which undertakes business of the same nature as and is in competition with the business of Asia Aviation Plc. or its subsidiary company; and
9. Having no other qualifications causing any inability to express independent judgment in respect of Asia Aviation Plc.'s business operation.

The qualifications of the Independent Directors shall be as required by the Thai Capital Market Supervisory Board.

Appointment and Terms of Positions for Directors

The appointment of a Director shall be in compliance with the Company's Articles of Association and applicable laws, in a transparent and clear manner. The nomination shall go through the process by the Nomination and Remuneration Committee. The consideration shall include sufficient detailed information and profile of the person for the Board of Directors and Shareholders to make decision. Details of the policy on appointment and nomination of Directors can be found under "Nomination and Remuneration Committee"

The Directors's terms of positions are according to the Articles of Association of Asia Aviation Plc. that at every Annual General Meeting, one-third (1/3) of the total number of the directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third (1/3) must retire from the office.

The retiring directors are eligible for re-election. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been in office for the longest term shall retire.



Duties and Responsibilities of the Directors

Asia Aviation Plc.'s Board of Directors shall oversee and administer the business and mission of Asia Aviation Plc. to be in line with the approval by shareholders and applicable laws, objectives, Articles of Association, Shareholders' Meeting Resolutions, and Board of Directors' Resolutions. Directors shall use their judgement and vigilance in making business decision and perform their duties with caution, accountability, and honesty for the best interest of Asia Aviation Plc.

The Division of Duties and Responsibilities between Board of Directors and Management

Asia Aviation Plc. has clearly divided duties and responsibilities between Board of Directors and Management. The Board of Directors sets out policies and administer the operation of the Management on the policy level, while the Management manages each area according to the policies. Consequently, the Chairman of the Board of Directors cannot be the same person as the Chief Executive Officer (CEO) nor the Executive Director in order to balance and examine the Management.

The Chairman of the Board of Directors has an important role in making decision for the Company's policies as a result of the Board of Directors' Meeting that considers and sets the business direction together with the Management, and provides recommendations for business operation to the Management without interfering in the daily duties of the Management. The Chairman of the Board of Directors, as the leader of the Board of Directors, oversees and monitors the performance of the Company's Executive Directors and other subcommittees to ensure effectiveness and efficiency, and encourages all the Directors to participate in meetings and to provide comments independently. The Chairman of the Board of Directors makes the casting vote in case of the votes come to a draw between two sides.

The Company has clearly set scopes of duties and responsibilities for Board of Directors and the Chief Executive Officer, which can be found under "Scope of Duties and Responsibilities of the Board of Directors" and "Duties and Responsibilities of the Chief Executive Officer."

Asia Aviation Plc. has appointed the Company Secretary with the duties and responsibilities as follows:

1. To provide advice to the Board of Directors regarding legal framework and regulations of Asia Aviation Plc. that the Board of Directors shall be aware of, to ensure compliance to the rules and regulations, and to report any significant changes in the legal matters to the Board of Directors.
2. To organize the shareholders' meeting and Board of Directors' meeting in accordance to laws and regulations of Asia Aviation Plc.
3. To record the minute of the shareholders' meeting and Board of Directors' meeting and to make sure the resolutions of the meetings are followed.
4. To prepare and keep record of a register of directors, the Company's annual report, Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, Notice of the shareholders' meeting and minutes of the shareholders' meeting of Asia Aviation Plc.
5. To keeping the reports of interest filed by the directors or executives, with the copies submitted to the chairman of Board of Directors and the chairman of audit committee within seven business days after the report is received.

6. To ensure the information disclosure and report the responsible information to the related agencies as prescribed by the government's rules and regulations.
7. To make sure Asia Aviation Plc.'s Board of Directors has carried out their activities and other related matters in accordance to the legal framework, or as assigned by Asia Aviation Plc.'s Board of Directors, or as prescribed by the notification of the Capital Market Supervisory Board.

Subcommittees

In addition to the Board of Directors, Asia Aviation Plc. has set up a subcommittee to assist in administering the business, that is the Audit Committee. The three members, who are responsible for auditing and internal control for Asia Aviation Plc., are of the qualifications as required by the Stock Exchange of Thailand and the Securities and Exchange Commission. Their duties and responsibilities are as assigned by the Board of Directors of Asia Aviation Plc., as specified in the Audit Committee Charter.

Nevertheless, At the Asia Aviation Plc.'s Board of Directors' Meeting No. 2, held on 26 February 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee. The three Independent Directors nominate and set appropriate remuneration for Directors and Management, with the details shown under "Nomination and Remuneration Committee".

Corporate Governance Policy

Asia Aviation Plc. has set up a written policy on corporate governance and the Board of Directors is to review this policy and the compliance therewith on an annual basis. After the Company's ordinary shares have been listed on the Stock Exchange of Thailand, Asia Aviation Plc. shall comply with the relevant rules and regulations as prescribed by the Securities and Exchange Commission, the Stock Exchange of Thailand and the Capital Market Supervisory Board. The details of the

report on corporate governance will be included in the Company's annual report and the annual registration statement (Form 56-1).

Code of Conduct

Asia Aviation Plc. has operated its business in adherent to strict business ethics, including safeguarding Asia Aviation Plc.'s and its subsidiaries' confidentiality, abiding laws, operating in an honest and prudent manner, paying respect to each other, and taking good care of Asia Aviation Plc.'s properties and the environment. All directors, executives and employees shall oblige by this guideline. All Directors and new recruits shall receive a business ethics manual that they have to acknowledge and strictly follow. The Company has disclosed its complete Code of Conduct on the Company's website, under "Investor Relation", under "Shareholders Resources", under "Corporate Governance".

Conflict of Interests

The Board of Directors of Asia Aviation Plc. has set up a policy to prevent conflicts of interest on the basis that any decision-making on business transactions shall be made only for the best interest of Asia Aviation Plc. and it shall avoid any act which may cause conflicts of interest. It is required that a person who is involved in or has interest in any transaction shall report the involvement or interest in such transaction to Asia Aviation Plc. and shall abstain from voting for decision-making and shall have no power to approve such transaction.

In the case of any transaction which is not consistent with the normal course of business or the general trading conditions and may cause conflicts of interest, the entry into such transaction shall be submitted to the Board of Directors of Asia Aviation Plc. for the Audit Committee to consider with respect to the transaction appropriateness before proposing to the Board of Directors' meeting or shareholders' meeting (depending on the case) for consideration and approval. In such case, Asia Aviation Plc. shall comply with the requirements prescribed by the Capital Market Advisory Board, the Securities and Exchange Commission and/or the Stock Exchange of Thailand.



Internal Control and Internal Audit

The Board of Directors of Asia Aviation Plc. has put the internal control system in place in order for the operation of Asia Aviation Plc. to go according to the objectives, and applicable rules and regulations, as well as the internal audit and the check and balance system to effectively protect and look after the capital and investment of shareholders and Asia Aviation Plc.'s properties. Asia Aviation Plc. has stipulated levels of authority and responsibilities of the executives and employees and operating regulations in writing. The Internal Control Department has its duty to audit that the performance of all departments in the Company is accurate and line with the regulations. The Audit Committee shall monitor the administration and operation of Asia Aviation Plc. in order for Asia Aviation Plc. to achieve an effective internal control and reliable financial reporting system. The Internal Control Department shall directly submit the audit report to the Audit Committee for revision and evaluation of the internal control system of Asia Aviation Plc. Ms. Duangporn Tantiwivat acts as the Head of Internal Control. The details on internal control and internal audit can be found under "Internal Control and Internal Audit"

Risk Management

Asia Aviation Plc. is aware and realizes the importance of risk management in order to achieve effectiveness and efficiency in the management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation Plc. operates its business by holding shares in Thai AirAsia Co., Ltd., therefore, risk management system has been established for Thai AirAsia Co., Ltd. which is its subsidiary and operates core business.

Risk Management Committee consists of the Chairman of the Board of Directors and the Management from all departments to manage internal and external risks that may affect operation to an acceptable and appropriate level by evaluating and examining evaluation result from all departments and revising policy regarding risk management at least annually. The details on risk management can be found under "Risk Management"

Report of the Board of Directors

The Audit Committee has the duty to review the Company's financial reporting and submit the reports to the Board of Directors of Asia Aviation Plc. on a quarterly basis. The Board of Directors of Asia Aviation Plc. shall be responsible for the accuracy Asia Aviation Plc.'s financial statements and financial information as described in the annual report. The financial statements shall be prepared in accordance with the accounting principles which are generally accepted in Thailand and audited by a certified public accountant. An appropriate accounting policy shall be applied and always be complied with. In addition, information shall be adequately disclosed in the notes to the financial statements.

At the Asia Aviation Plc.'s Audit Committees' Meeting No. 1, held on 26 February 2014, the Audit Committee, consisting of three Independent Directors, evaluated the internal control system by interviewing the Head of Internal Control and concluded that the internal control for Asia Aviation Plc. and its subsidiaries was sufficiently effective in alleviating business risks. The operation of the internal control in 2013 in inspecting other departments within Asia Aviation Plc. and its subsidiaries did not result in any significant weakness in internal control system that can affect the operation of Asia Aviation Plc. and its subsidiaries. Auditor did not report any significant weakness.

Board of Directors' Meeting

According to the Articles of Association of Asia Aviation Plc., the Board of Directors shall hold a Board of Directors' Meeting at least once every three months by setting dates for the whole year and additional special meetings may be held as necessary. A meeting notice shall be delivered to directors for consideration at least five business days prior to the date of the meeting, unless it is necessary or urgent to preserve the rights or benefits of Asia Aviation Plc. At each meeting, the agenda of the meeting will be clearly specified and supported by the completed and sufficient documents, and are delivered to the directors in advance so that the directors will have enough time to study such information prior to the meeting. At the Board of Directors' Meeting, each director shall be able to openly discuss and express his or her opinion. In addition, the senior management will be invited to attend the Board of Directors' Meeting in order to give additional information as they are directly involved in such matters.

Asia Aviation Plc. is committed to providing the Board of Directors with adequate, complete continuous and timely information prior to a Board of Directors' Meeting. The directors can directly and independently contact the Company Secretary. The Company Secretary is responsible for advising the Board of Directors of Asia Aviation Plc. on the compliance with legal and regulatory requirements.

The Board of Director has also specified that non-executive Directors can organize meetings as deemed appropriate without the attendance of any Executive Director or Management, in order to create an opportunity for discussion on business challenges of the Company or other topics of interest.

Remuneration

Asia Aviation Plc. has not appointed a Remuneration Committee in 2013. The Board of Director of Asia Aviation Plc. and its subsidiaries, in an absence of the

Remuneration Committee, was responsible to determine directors' remuneration and to propose to the shareholders' meeting for approval. In determining the remuneration for directors, industry rates, experience, duties and responsibilities, business expansion, financial position, and performance results are considered.

At the Asia Aviation Plc's Board of Directors' Meeting No. 2, held on 26 February 2014, and the Thai AirAsia Co., Ltd.'s Board of Directors' Meeting No. 1/2014, held on 3 March 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee to determine and propose remuneration for Directors and Management annually for the Board of Directors' and/or Shareholders' approval.

Nonetheless, the Company has disclosed the aforementioned information and the remuneration for each Director in the Annual Report and Form 56-1 of the Company, which can be found under "Structure of Directors' Remuneration"

Development on Directors and Management

The Board of Directors of Asia Aviation Plc. has a policy to enhance and accommodate the provision of training and knowledge for Directors and Management to administer the business of the Company effectively with the continuous improvement on operation. Directors and Management are encouraged to participate in valuable trainings that are beneficial to their performance, including training by state agencies or independent organizations, for example, Director Training by the Thai Institute of Directors that the SEC requires directors of registered companies to participate at least in one program, including the Directors Certification Program (DCP) Directors Accreditation Program (DAP) and the Audit Committee Program (ACP).

In the case of a change in directorship, the Company Secretary is assigned to assist in the preparation for the Director's duties by coordinating in the following areas:

- Collecting required information related to directorship to ensure the compliance with applicable laws related to directorship.
- Preparing useful information for new Director to perform his/her duties, for example, Articles of Association of the Company, Director's Manual for Listed Companies, Operating Results, and Nature and Direction of Business.
- Organizing meetings or discussions between Chairman and Directors, and Management to acknowledge and inquire about the business operation of the Company and its subsidiaries.

The Performance Assessment of the Board of Directors

The Performance Assessment of the Board of Directors shall be carried out annually by dividing into the Performance Assessment of the Board of Directors and the Individual Performance Assessment (Self-Assessment), to be used as the framework in examining the performance of the Board of Directors and in improving the performance of the Board of Directors to correspond with specified policies.

The Performance Assessment of the Board of Directors covers six main areas as follows:

1. Structure and qualifications of the Board of Directors
2. Roles, duties and responsibilities of the Board of Directors
3. Board of Directors' Meeting
4. Performance of the Directors
5. Relationship with the Management
6. Self-improvement of the Directors and managerial development

Moreover, the Board of Directors has arranged for an annual performance assessment for the Chief Executive Officer, main areas as follows:

Section 1: Progress of plan with specified goals and milestone for each goal

Section 2: Performance assessment

- Leadership
- Strategic setting
- Strategic practice
- Financial planning and results
- Relationship with the Board of Directors
- External relationship
- Management and relationship with human resources
- Position succession
- Knowledge of products and services
- Personal characteristics

Section 3: Self-improvement

Report of Interest

The Company has required that Directors, Executive Directors, and Management, under the definition by the SEC, provide report of interest for themselves and their related persons when they are appointed. Changes shall be revised and reported annually.

Succession Plan

The Board of Directors has established succession plans for positions of Chief Executive Officer and Top Management in order to maintain confidence from stakeholders that the operation of the Company can continue without any disruption.



The Board of Directors has assigned the Nomination and Remuneration Committee to consider and specify the criteria and succession plan when the position of Chief Executive Officer is vacant. Revision of the succession plan shall be carried out annually and Chief Executive Officer is to report to the Board of Directors regularly on the succession plan.

The Use of Internal Information

Asia Aviation Plc.'s and its subsidiaries' Boards of Directors have set the policy and procedure for the directors and executives in using the inside information that has not been made public for personal interest and communicated the policy to their Directors, Management, and employees for their acknowledgement in writing in the Code of Conducts with details as follows:

1. Inform the directors and executives regarding their duties in reporting the Securities Holding Reports for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), along with the Acquisition or Disposal of Securities Report for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 246, and the penalty as prescribed in Article 298 of the Securities and Exchange Act B.E. 2535 (and its amendment)
2. The directors and executives of Asia Aviation Plc., along with their spouses, and their minor children to prepare and disclose the Securities Holding Reports and the Acquisition or Disposal of Securities Report of Asia Aviation PCL's securities children to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), and copies of the reports to be submitted to Asia Aviation PLC on the same day as to the Securities and Exchange Commission
3. Directors, executives and employees of Asia Aviation Plc. and its subsidiaries, who have an access of any inside information that can affect price of stocks, shall be careful in the trading of Asia Aviation Plc.'s stocks within one month before the financial statements or the inside information are accessible to the public and 24 hours after the said information is accessible to the public. The person related to the information shall not disclose the information to the third party before the information is disclosed to the Stock Exchange of Thailand. Disciplinary punishment shall be imposed on the offender, as prescribed in the staff regulations of Asia Aviation Plc. Punishment, appropriately determined on a case to case basis, includes verbal warning, written warning, probation, or dismissal.
4. Directors, executives and employees of Asia Aviation Plc. shall not use any inside information they receive from their positions, that can affect price of stocks and has not been disclosed to the public, for trading, or offering to buy or sell, or persuade others to buy or sell, or to trade other stocks or securities (if any) of Asia Aviation Plc. directly or indirectly, which may cause any damage to Asia Aviation Plc. directly or indirectly, for their own interests or for others', nor shall they disclose the said information to others for compensations or nothing.

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บริษัท ลีสซิ่งไอซีบีซี (ไทย) จำกัด หนึ่งในกลุ่ม ICBC ธนาคารที่มีขนาดใหญ่ที่สุดในประเทศจีน
มีมูลค่าหลักทรัพย์ตามราคาตลาด (Market Capitalization) สูงที่สุดในโลก

● PROFESSIONAL

เชี่ยวชาญด้านสินเชื่อเช่าซื้อและลีสซิ่ง ยานพาหนะและเครื่องจักรอุปกรณ์แก่กลุ่มลูกค้าบุคคลและนิติบุคคล

● MARKET-ORIENTED

มุ่งตอบสนองความต้องการของลูกค้า ด้วยผลิตภัณฑ์และบริการที่ครบวงจร

● INTERNATIONAL

พร้อมด้วยเครือข่าย เทคโนโลยี และระบบการบริหารจัดการ มาตรฐานบริษัทชั้นนำระดับโลก

บริษัท ลีสซิ่งไอซีบีซี (ไทย) จำกัด ได้รับการจัดอันดับความน่าเชื่อถือสูงสุดที่ **AAA (tha)** จาก **Fitch Ratings** ณ ตุลาคม 2555

* Bloomberg, as at June 2012

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Thai AirAsia Co., Ltd., as a subsidiary of Asia Aviation Plc. and the operator of Thai AirAsia airline, strives to establish itself as the friendliest and closest low-cost airline for Thais. The Company sees the importance of being a part to create happiness, smiles, and cooperation, and a driving force for a better Thai society, therefore, the Company has established the Corporate Social Responsibility (CSR) policy which covers the following areas:

1. Responsibility toward Consumer

Because “Consumer” is the heart of service

Thai AirAsia Co., Ltd. determines to operate its business for consumers’ satisfaction by providing quality services, especially in terms of safety. All of the airfleets of Thai AirAsia Co., Ltd. have been acquired as brand new directly from the Airbus’ manufacturing facility in Toulouse, France, with its renown international manufacturing standard.

Thai AirAsia Co., Ltd. has also developed the aircraft maintenance system and safety training system for all related agents including pilots, crews, and all employees. The emergency situation training and the trustworthy safety inspection system ensure that Thai AirAsia Co., Ltd. strictly operates under the international safety standard, with a semi-annual inspection by Department of Civil Aviation and a regular safety inspection by other international agencies.

Services provided by Thai AirAsia Co., Ltd. are determined with the focus on the consumers. The Company aims to provides inexpensive, trustworthy, friendly, and on time performance services with the continuous flight

time control. In 2013, the on time performance rate for flights by Thai AirAsia Co., Ltd. was 92%, which made the airline the most on time performance service by FlightStats.

Thai AirAsia Co., Ltd. has established the system that notifies the customers of cancellation or delay via email, SMS, or telephone. If a customer cannot be reached via these channels, she/he will be notified at the check-in counter. However, in case of a disaster or unexpected incident that prevents the flight to operate, Thai AirAsia Co., Ltd. provides the passengers with the appropriate standard, for example, accommodation, food, and airport transfer, in order to ensure that passengers receive fair and agreeable services.

However, Thai AirAsia Co., Ltd. gives importance to the clear communication of the business operation by noticeably providing details of expenses at all sales channels for consumers to understand and make a choice of services that best suit their needs. Thai AirAsia Co., Ltd. also provides an opportunity for consumers who cannot access air transportation due to cost limitation by constantly offering special prices on air tickets via many sales promotions.

2. Environmental Responsibility

“Care for the environment and conserve energy”

Thai AirAsia Co., Ltd. operates under the framework to preserve the environment and to reduce the waste of resources, for example, the use of Airbus A320 for the whole airfleets, which is a newer model that effectively uses the energy in an inexpensive, worthy, and environmental friendly way. Since Airbus introduced the Sharklet programme, in which the Sharklet wingtip devices are installed with the design with the theory of aerodynamic and advanced technology, the fuel consumption reduced by 3%. The new Airbus A320 added to AirAsia’s fleets are all equipped with the Sharklet devices.

Thai AirAsia Co., Ltd. has also order the Airbus A320 Neo - New Engine Option, which is part of the A320 family designed with new engine and Sharklet wingtip devices that reduces the fuel consumption by 14%. The expected delivery by Airbus is in 2015.

Services provided by Thai AirAsia Co., Ltd. are also carried out in a manner that optimizes the use of resources, for example, a normal Baggage Identification Tag is 14-21 inches long, but AirAsia’s tag is only 10 inches long to better reduce the use of paper and ink.

AirAsia’s boarding pass is also reduced in its size and printed on a less-processed paper. For in-flight services, Thai AirAsia Co., Ltd. has established a policy and strategy for passengers to pre-book food and services prior to the flights. Not only this allows passengers to choose from a variety of food by themselves, but it also allows Thai AirAsia Co., Ltd. to provide food and services that correspond to the actual needs of passengers on the flights without preparing transporting an excess amount of food, which in turn, reduces wastes and the plane load that consumes fuel.



3. Society and Community Development

“Four Dimensions of Thai Society and Community Development”

Thai AirAsia Co., Ltd., as a Thai service provider and having grown by the support of people of all levels under the concept of “anyone can fly”, has the determination to be a part of the community development in the heart of Thai AirAsia’s members. Thai AirAsia Co., Ltd. has established the four dimensions of development by using the potential of its transportation and vast route coverage as the strength in supporting in the areas of sports, religions, art and culture, education and youth, and health and quality of life.

Dimension 1: Sports

Sport is deemed an international language that anyone can easily access. Thai AirAsia Co., Ltd., therefore, uses sport as the enhancement to build a relationship together with social development. Various activities include:

- Supporting Thai Premier League and Division: As football is very popular among Thais and the popularity has grown rapidly in the past two years, especially in the domestic leagues, Thai AirAsia Co., Ltd. realizes the importance of the development of teams. Thai AirAsia Co., Ltd. has given support to teams in all regions and divisions, so that football can be the medium that reaches more people in the community. Thai AirAsia Co., Ltd. also supports international matches in order to develop the potential of Thai footballers and teams.
- Supporting Thailand Volleyball Association: Thai AirAsia Co., Ltd. transports the players, trainers, and the association officers to matches to ensure they are not tired from the travel. In the past year, the players performed very well, especially the Thai women’s national volleyball team, who won the Asian Women’s Volleyball Championship 2013 and became the inspiration for Thai youth.

- The Airline has celebrated the success of the team by painting an aircraft with the picture of the women volleyball team under the concept of “World Class, home grown”, to communicate the talent of Thais in winning the world’s sport and to support the transportation of the players and trainers by allowing them to travel for free with the Company throughout the year so they can continue to be a good example for youth.
- To make sport even more accessible to people of all levels, Thai AirAsia Co., Ltd. also supports other sports, especially in the youth level as they can grow to be an important inspiration in the future. The Company supports “Nong Taew”, Miss Thasaporn Naklo, in her competition in junior tennis tournament who ranked the 5th in Under 12 Girl in the Tennis Junior Orange Bowl 2013 out of 256 junior tennis players under 12 years worldwide. Thai AirAsia Co., Ltd. also supports the “AirAsia” Thailand Under 14 Royal Cup Volleyball Competition to scout for talents for the Thai National Team.

Dimension 2: Religions, and Art and Culture

- Supporting year-round transportation of the National Artists who are the symbol of valuable culture in their duties for publicizing the culture to the general public in the country and abroad.
- Helping in continuing the literature of the People’s Poet of Thailand with the “Sunthorn Phu Award”, and providing transportation to Thai youth to travel for the “Young Poet, Following the Writing from Suvarnabhumi to Vietnam” by Naowarat Pongpaiboon.
- Taking part as the merit bridge for the great merit activity “The Ordination of Buddhist Women in Two Nations” by Mae Chee Sansanee Sathirasuta, a Buddhist and the founder and Director of Sathira-Dhammasathan Center, by providing transportation for the Buddhist women to travel to learn the way

of life and to study the Lord Buddha's teaching at the Mahabodhi Temple, India.

- Chartering flights in support of the restoration project for the birthplace of Lord Buddha at Lumbini, and the Little Buddha Prince Siddhartha placement project in Nepal.

Dimension 3: Education and Youth

As youth is the important sprout in building up the society's worth and goodness, Thai AirAsia Co., Ltd. organizes various activities with the focus on the youth and their learning, for example:

- Supporting the Learning Center for Youth "Kidzania Bangkok" by providing actual size aircraft, flight simulation and cabin simulation for youth to learn the profession of pilot and cabin crew, and providing a year-round opportunity for youth in other provinces to fly in to visit.
- Providing new learning opportunity for youth in all regions using the Thai AirAsia Co., Ltd.'s routes as a bridge of happiness, for example, taking youth in the south for a star gazing trip in Chiang Mai, and taking hilltribe youth to fly and see the ocean for the first time.
- Encouraging Thai youth to be ready for the AEC by joining the CU ASEAN Student Forum.

Dimension 4: Health and Quality of Life

Because every life is valuable, Thai AirAsia Co., Ltd. is ready to be a connection for health and quality of life for people of all nations to be able to access the quality medical services, for example:

- Heart valve surgery programme at Bumrungrad Hospital for children and toddlers from Myanmar with Thai AirAsia Co., Ltd. flying the children and their families free of charge for the surgery.

- Medical volunteer programme for eye surgery and other disease in Tachileik and Kengtung with Thai AirAsia Co., Ltd. flying the employees to volunteer as assistants to the team of doctors and nurses.

4. Innovation and Publizing Innovation

Creating Innovation for Convenience

Thai AirAsia Co., Ltd. has several innovations to provide convenience for passengers and to promote efficiency in the Airline's operation, for example:

- Self-check-in: Passengers do not need to check in or get their tickets checked for boarding passes at the check-in counters at the airports. Passengers can choose to quickly check-in by themselves via the Airline's website, mobile phone, or check-in kiosk.
- Passengers can pre-book in-flight food and services. The Airline has provided a variety of menus for passengers to pre-book during their reservation or prior to their flights. A normal airline may provide a choice of 2 – 3 options on the menu, but Thai AirAsia Co., Ltd. is providing over 10 options. Passengers can also pre-book other services prior to their flights such as extra baggage, seat selection, airport transfer, or telephone sim card.



- Island Transfer - City Transfer service makes the air transport less limited to just the arrival airport. Passengers can buy a ticket from their origin to travel to islands or other cities other than the Airline's flying point, by buying the air ticket and the transfer service to the destination, for example, the route between Bangkok and Samui Island includes a flight from Don Mueang Airport to Surat Thani, then land transfer to Don Sak Port and after that a sea transfer to Na Thorn Port on Samui Island, or the route between Bangkok and Pai includes a flight from Don Mueang Airport to Chiang Mai then a van transfer to Pai.
- Fly-Thru service is provided by Thai AirAsia Co., Ltd. for passengers who want to transit at Don Mueang Airport. Instead of buying point-to-point air ticket and claim the baggage then re-check-in again for a connecting flight, passengers can buy multi-destination air ticket with the Fly-Thru service. Check-in can be done for both flights and baggage can be checked through to the destination, making it easier for all.
- Employees are given importance and taken care of as a family member. Employees are appropriately taken care of in terms of compensation and benefit, in the warm and sharing working atmosphere. Mentoring system is promoted in order to create happiness for employees at work.

Benefit Management

Thai AirAsia Co., Ltd. provides the benefits for employees under the policy to manage benefits according to the needs and advantages of the employees. Benefits include:

- Annual health check-up
- Group life insurance
- Group health insurance
- Provident fund which Thai AirAsia Co., Ltd. contributes according to the period of membership at the maximum of 10%
- Thai AirAsia Savings Cooperative
- Free air ticket for employees' weddings
- Six free air tickets per year
- A discount of 90% for unlimited air ticket per year
- Financial aid in case of death of family members, namely parents, spouses, and children
- Financial aid for child birth
- Employee uniforms

5. Responsibility toward Employees

Recruitment Policy

- Thai AirAsia Co., Ltd. continues to recruit more employees to support the growth and the expansion of the fleets to serve passengers and for the opening of new routes and the increase in frequencies of existing routes.
- The recruiting process is based on the equal opportunity and fair system of written examination and interviews by a panel of committees with experiences, knowledge, and skills in a transparent manner.

Remuneration and Salary Management

Thai AirAsia Co., Ltd. has established a policy to manage remuneration in a fair and appropriate manner suitable for knowledge and skills of the employees according to the appraisal system and the job positions. Salary survey is done based on the external market and leading companies for appropriate adjustment in order to remain competitive in the same industry and to attract new talents.

Employee Relation Activities

Thai AirAsia Co., Ltd. regularly organizes activities to promote good relationship between employees and provide opportunity for employees to give opinions and participate in activities for unity and happiness in the organization.

- New Year Staff Party is organized for employees to meet and gather to create good relationship between employees and organization, under different themes.
- Sport Day is organized for employees to compete and cheer for their colleagues to create good relationship and to promote unity, sportsmanship, and forgiveness.
- Merit making activity and donation for people affected by disasters in the country and abroad.
- Company anniversary is organized for the Management and employees to join in alm giving ceremony and lunch.

Human Resources Development

As Thai AirAsia Co., Ltd. aims to continuously develop human resources with knowledge and expertise, and good quality of life according to the good corporate governance, Thai AirAsia Co., Ltd. has established a policy to develop human resources to their potential and to prepare them for the competition that will drive and sustainably strengthen the organization. The goal is to get the employees to develop themselves using their own potential and to create proactive working atmosphere in practicing their skills and developing their knowledge and expertise to create confidence in dealing with changes and challenges in business competition.

Thai AirAsia Co., Ltd. is providing trainings according to needs of each business unit as follows:



Trainings for Engineers

- Maintenance Familiarization
- AMOS Training
- Basic Digital Avionics
- Basic Gas Turbine
- Basic Airframe
- Basic Electronic

Training for Flight Attendance

- Duty Free/ Handheld Device
- Thai Announcement
- Airline Business
- Civil Aviation Regulations
- Flight Attendant Procedure

Training for Ground Staff

- Customer Service Excellence
- Central Baggage Tracking Office
- Sky Speed
- Duties & Checks
- Disability Equality Training

Training for Pilots

- Meteorological
- Weight & Balance procedures
- Flight Operation, Report, Form, Merlot
- Pilot Transit Check
- Auto Flight
- Aircraft System Examination

Training for Ramp

- Ramp Ground Handling
- Aircraft Pushback
- Initial Airside Safety and ERP Plan

Compliance to Rules and Regulations and Business Ethics

Thai AirAsia Co., Ltd. determines to promote understanding among the employees in regard of principles and policies related to business ethics and the compliance to rules and regulations, along with the handling and reporting of suspicion of violation of laws, rules and regulations, and policies of Thai AirAsia Co., Ltd. that raises doubts in integrity of the employees or Thai AirAsia Co., Ltd.

Thai AirAsia Co., Ltd. has provided related training, for example, training on Code of Conduct, training on prevention of corruption, and anti-corruption and anti-bribery training, which are compulsory for all employees at all levels. All new recruits shall participate in the following trainings and take required examination during their probation periods otherwise they will not pass the probation:

- Code of Conduct Training for all employees to understand the principle and standard that all employees shall adhere in order to eliminate doubt in integrity of the employees and Thai AirAsia Co., Ltd.
- Fraud Awareness Training for employees to learn to prevent and report any suspicious act of corruption for Thai AirAsia Co., Ltd.
- Anti-Corruption and Anti-Bribery Training for employees to understand problems and effects of corruption and bribery, and to learn to prevent and report any suspicious act of corruption or bribery through the Company's channels.

Occupational Health and Safety and Work Environment

In 2013, Thai AirAsia Co., Ltd. has proceeded with the safety Management System with the Safety Office, Pilot Safety Sub-Committee, Cabin Crew Safety Sub-Committee, and Occupational Health and Safety and Work Environment Committee working as coordinators for various projects and directly report to the Chief Executive Officer to ensure that the organization sustainably manages safety.

In the past year, Thai AirAsia Co., Ltd. has supported and promoted safety in many activities, for example:

- Safety Always 2013 programme which aims at creating the organization-wide culture of safety, including:
- Behavior based safety programme that creates positive approach by safety officer together with heads of units to observe employees' behavior, with praise for safety behavior and caution for risky behavior, and constant follow-up on risky behavior to achieve the sustainable "safety culture". At the start of the programme (January 2013), the percentage of safety behavior was 83.19, and at the end of the programme (December 2013), the percentage of safety behavior was 97.58.
- Safety Icon programme which is the selection of employees with outstanding performance in terms of safety as an example for other employees.
- Hazard reporter programme that focuses on the participation of employees in reporting hazard or unsafe work environment, and improvement on the safety issues reported by employees, to proactively prevent accidents. In 2013, there was a total of 25 reports on hazards.
- Kiken Yoshi Training (KYT) to train each employee to analyze or predict hidden hazard in operation and to prevent the hazard correctly and appropriately.
- Preparing and revising emergency plan for each of the 24 stations in the country and abroad to use as a guideline in handling the emergency appropriately at each station.
- Emergency exercise as the ERP Table Top Exercise at each of the 24 stations in the country and abroad as a preparation in handling the emergency and roles of employees in emergency situation.
- Emergency exercise for some areas with Don Mueang Airport (DMK – EMEX 13) as a preparation in handling the emergency and the communication and coordination plan between emergency responsive team of Thai AirAsia Co., Ltd. and related agencies at Don Mueang Airport.
- Training for the Special Assistance Team as a preparation in handling the emergency for passengers and their relatives including physical and mental assistance.
- Regular training for safety officer at the Management, operation, and team leader level.
- Crew Resource Management training for pilots and cabin crew annually.
- Safety Emergency Procedure training for pilots and cabin crew annually.

- Fire extinguishing training for ground staff
- First aid training and medical evacuation training to reduce risk in incorrect medical evacuation
- Inspection of working environment, for example, noise inspection and light inspection to take pre-caution in working environment that may be health hazard for employees.

6. Human Rights Policy

Asia Aviation Plc. and Thai AirAsia Co., Ltd. operate with respect to and give importance to promote the protection of human rights in all aspects, and will not engage or take part in any act of violation of human rights. The Company and its subsidiaries shall adhere to the principles of human rights and all applicable laws and regulations.

Asia Aviation Plc. and Thai AirAsia Co., Ltd. impartially respect the rights of all employees and stakeholders without prejudice against origin, race, religion, gender, ethnicity, age, disability, or any other status entitled for rights, by adopting the principle of human rights.

Asia Aviation Plc. and Thai AirAsia Co., Ltd. regularly study and follow changes and modifications in applicable regulations and laws related to human rights in order to effectively enhance the Company's policy on human rights.

Asia Aviation Plc. and Thai AirAsia Co., Ltd. provide knowledge and understanding for the Board of Directors, Management, and all employees in regard of human rights in terms of policy and operating practice, and urge all employees and stakeholders to cooperate in examination and reporting any violation of human rights through the Company's channel.



Asia Aviation Plc. and Thai AirAsia Co., Ltd. is committed to conducting its business with integrity and transparency therefore the Company has issued measures for all Directors, members of Management, employees and all associated parties to prevent corruption



Treatment for Employees

- Recruitment shall be done on the basis of fairness and equality. Everyone shall receive an equal opportunity in applying and examination for employment under the applicable legal framework and related regulation, without any discrimination based on gender or disability that does not prevent the person from performing his or her duty.
- Employees shall be treated with fairness and honesty. All employees shall be employed under regulations and conditions that comply with laws, regulations, and customary practices. Child labor, forced labor, or breach of labor standard shall not be practiced.
- Any violation of human rights shall be eliminated. Discrimination shall be prohibited and measures will be put in place to ensure equal opportunity for all employees.

- Operating policy shall be put in place to guarantee personal safety for all employees, along with their entitled rights for a clean, safe, and healthy workplace.
- Physical punishment, mental or physical abuse, or verbal harassment shall not be practiced or accepted.

Treatment for Other Stakeholders

- The Company shall respect the rights in relation to laws, culture and traditions, for all the stakeholders including customers, business partners, subcontractors, and communities around the workplaces. All stakeholders shall be treated equally and encouraged to follow the international standards for human rights.

7. Intellectual Property Right Policy and Practice

Asia Aviation Plc. and Thai AirAsia Co., Ltd. operate with respect to, and encourage the human resources to perform their duties, in compliance with laws and regulations regarding intellectual property right, including trademarks, patents, copyrights, trade secrets, and other intellectual properties specified by laws, for example, the use of copyrighted computer software that are inspected and installed by the Company's information technology department only, the encouragement for employees to examine their work or information that it does not violate any intellectual property right.

8. Anti-Corruption Policy

Asia Aviation Plc. and Thai AirAsia Co., Ltd. is committed to conducting its business with integrity and transparency therefore the Company has issued measures for all Directors, members of Management, employees and all associated parties to prevent corruption and unethical behaviors, and to ensure all decisions and business operations that may be of risk from bribery and corruption are attentively considered and practiced. Details are as follows:

Definition

“Corruption” means any act of bribery by engaging in the act of directly or indirectly offering, promising, soliciting, asking, or accepting money, valuable items, or any inappropriate advantages with government officials, state or public agencies, or any concerned agents so that the said agents perform or refrain from performing their duties rightfully in order to gain or achieve unethical advantages for business. Exceptions shall be made should they be permitted by laws, rules, regulations, announcements, customs, local traditions, or common business practices.

Overall Policy

All Directors, members of Management, employees of Asia Aviation Plc. and Thai AirAsia Co., Ltd. are prohibited from implementing or accepting any act of direct or indirect corruption. Anti-Corruption policy audit or examination shall be done regularly along with revision of roles and duties of all concerned parties and the guidelines for practice, in order to remain relevant to changes in businesses, rules, regulations, and legal requirements.

Roles and Responsibilities

1. Board of Directors has duties and responsibilities in setting policies and overseeing the promotion of the effective anti-corruption system in order to ensure that its members of Management are aware and give importance to counter bribery and corruption.
2. Audit Committee has duties and responsibilities in auditing the financial reporting system, internal control system, and risk assessment, to ensure that the systems hold least risk in corruption that may affect the Company's financial position and operations, and that the systems are appropriate, trustworthy, and in accordance with international standards. The Committee shall also be notified of suspicious engagement in corruption or bribery involving internal parties, and examines cases and proposes punishments alongside the Board of Directors.

3. Chief Executive Officer and members of Management have duties and responsibilities in setting up the system and promoting and supporting anti-corruption policy in order to disseminate to employees and all associated parties to adopt for operation. They also shall review the appropriateness of the system and measures in correspond with the changes in business, and rules, regulations and legal requirements.
4. Internal Control Department has its duty to audit that the performance of all departments in the Company is accurate and line with the regulations. The Department is responsible for the audit report and the risk evaluation in relation to corruption from internal control examination, for the Audit Committee In addition, the Department is to be responsible for any tasks assigned by the Audit Committee concerning corruption investigation.
4. The violator of the Anti-Corruption policy is deemed as breaching the business ethics, and shall be considered for disciplinary punishment as regulated, and may be punished by laws should the violation is unlawful.
5. Asia Aviation Plc. and Thai AirAsia Co., Ltd. communicate and create understanding and awareness for all relevant parties who perform or operate any significant issues that may affect the Company or its subsidiaries in relevance to the Anti-Corruption policy.
6. Any activity in concern with the Anti-Corruption policy shall follow the guidelines on business ethics, good corporate governance principles, and practice guideline towards stakeholders, relevant rules, regulations, and operating guidelines, and other guidelines that Asia Aviation Plc. and Thai AirAsia Co., Ltd. may issue in the future. However, for operation clarity in issues that involve high corruption risk, Directors, Management, all employees at all levels shall take extra attention when handle the following issues:

Operating Guidelines

1. Directors, Management, and employees at all levels shall uphold the Anti-Corruption and business ethics policy by not directly or indirectly engaging in any act of corruption.
2. Any employee who discovers any act of corruption related to the Company or its subsidiary must report it to his/her supervisor or a responsible person. Employees shall provide cooperation in investigation. Should employees have any questions or doubts, they can consult their supervisors or a responsible person whose duty is to monitor business ethics compliance through established channels.
3. Asia Aviation Plc. and Thai AirAsia Co., Ltd. shall provide justice and shall protect the employees or the persons reporting the violations by adopting measures to protect whistleblowers or those who cooperate in reporting the corruption as specified by the Whistleblowing Policy.

Financial or Other Benefits

- Directors, Management, and employees shall not personally accept financial or other benefits from customers, business counterparts, or any persons for working in the name of Asia Aviation Plc. and Thai AirAsia Co., Ltd.
- Directors, Management, and employees shall not lend or borrow, or collect contribution from customers or business counterparts of Asia Aviation Plc. and Thai AirAsia Co., Ltd., except loans from banks or financial institutions as customers of said banks or financial institutions.

Gift and Hospitality

- Directors, Management, and employees shall avoid accepting gift, in cash or in kind, from customers or business counterparts of Asia Aviation Plc. and Thai AirAsia Co., Ltd., except in the customary traditions and the value does not exceed THB 5,000. If the value of the gift exceeds THB 5,000, the employee shall declare the gift to his/her supervisor for further appropriate action.
- Directors, Management, and employees may accept business hospitality if it is beneficial for Asia Aviation Plc. and Thai AirAsia Co., Ltd. However, hospitality shall be avoided if it is in the manner not appropriate for business relationship from persons relevant to Asia Aviation Plc. and Thai AirAsia Co., Ltd. or future business counterparts.

Cash or Other Rewards

- Asia Aviation Plc. and Thai AirAsia Co., Ltd. do not have any policy to offer cash, bribery, inducement, or any special rewards in any forms to customers, business counterparts, other external agents, or any individuals in order to gain business advantages, except customary business hospitality, business discount, and the Company's sales promotion.

Charitable Contribution or Sponsorship

- Charitable contribution or sponsorship shall be done in a lawful and transparent manner and follows procedures specified by Asia Aviation Plc. and Thai AirAsia Co., Ltd. Examination and approval of transaction shall be done by responsible persons of Asia Aviation Plc. and Thai AirAsia Co., Ltd. and follow up shall be done in order to ensure the contribution or sponsorship is used in accordance to its objectives and not as a subterfuge for bribery.

Risk Assessment for Corruption

- Corruption risk assessment team includes the Head of Internal Audit, the Head of Compliance, and Head of Accounting. The team addresses the risk of bribery and corruption and reports it to the Audit Committee yearly by adopting corruption risk assessment mechanism in accordance to the guidelines set by the Association of Certified Fraud Examiners, for evaluating the internal control and corruption situation that may occur within the Company. Information derived from the assessment will be used to enhance effectiveness and efficiency of the guideline in internal audit and measures to prevent corruption in operation by good internal control system.

Dissemination of Anti-Corruption Policy

For every individual in the organization to be aware of the Anti-Corruption policy, Asia Aviation Plc. and Thai AirAsia Co., Ltd. will perform the following actions:

- Communicate the Anti-Corruption policy through cooperate communication channel, namely the Company's website, Annual Registration Statement (56-1), and Annual Report (56-2).
- Provide training on Anti-Corruption policy for new recruits.
- Review Anti-Corruption policy annually.

Internal Control and Risk Management



Internal Control and Internal Audit

The Board of Directors has put the comprehensive internal control system in place in order to ensure the Company and its subsidiary's compliance with the objectives, Article of Association and applicable rules and regulations, as well as the check and balance mechanism to effectively protect the capital and investment of shareholders and asset of the Company and its subsidiary. The Company has stipulated levels of authority and responsibilities of the executives and employees and operating regulations in writing. The Internal Audit Department has its duty to audit the operation of all departments in the Company and its subsidiary to ensure compliance with the established rules and regulations. The Audit Committee oversees the management and operation of the Company in order to ensure an effective internal control and reliable financial reporting system. The Internal Audit Department reviews and evaluates the internal control system of the Company and its subsidiary and reports the audit result directly to the Audit Committee.

At the Audit Committee's Meeting No. 1/2014 on February 26, 2014, the three independent directors of the Audit Committee have evaluated the internal control system by interviewing the Head of the Internal Audit Department and concluded that the internal control system of the Company and its subsidiaries is adequate and appropriate for their business operation, and is effective to reduce business risk. From the audit of each department in the Company and its subsidiaries, no significant deficiency was found in terms of internal control system that may jeopardize the operation of the Company and its subsidiaries. The auditor has not reported any significant deficiency.

Risk Management

Asia Aviation Plc. is aware and realizes the importance of risk management in order to achieve effectiveness and efficiency in the management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation Plc. operates its business by holding shares in Thai AirAsia Co., Ltd., therefore, risk management system has been established for Thai AirAsia Co., Ltd. which is its subsidiary, with details as follows:

Thai AirAsia Co., Ltd.'s Board of Directors has approved the policy and guideline in risk management for each department to adopt in evaluating, analyzing, ranking, and setting direction and strategy to manage risks, along with setting scopes and responsibilities of each relevant agents with details of policy, process, risk management framework, as follows:

Principle and Policy

1. Thai AirAsia Co., Ltd. is aware that risk is the main factor in business operation from setting the strategy and business plan, to daily business operation. The Company aims to manage risks to the acceptable level and uses resources in an effective and efficient manner.
2. Risk management is part of the organization culture that is communicated and assigned to the Management and all employees to realize its importance, and to participate in all the process of risk management.



3. The Management and employees jointly identify, evaluate, and set up risk management semi-annually.
 4. Risk Management Committee and Audit Committee evaluate the framework for risk management annually and prepare a report.
 5. Each step of risk management shall be reported in writing.
- Audit Committee examines the risk management to ensure that risks are managed and controlled effectively and at the acceptable level.
 - Internal Control Department examines the internal control system in the area related to risks specified by the Management as significant, examines the overall risk management, and prepares all the results for report to the Company's Board of Directors, Audit Committee, and other relevant agents.

Framework for Risk Management

1. Roles and responsibilities of each agency on risk management include:
 - Board of Directors and Chief Executive Officer identify direction and strategy, and set up structure and overall environment for the Company to support risk management effectively. Board of Directors also evaluates risk assessment and risk management plan, and approves the operation according to plan.
 - Risk Management Committee specifies risk management policy to cover all risks in management, considers and approves risk management plan, establish working groups and evaluates, assesses, monitors, reports systematically, and recommends risk management process to internal agents, and constantly monitors and reports the results to the Board of Directors.
 2. The aim is to summarize the principle and process adopted by Thai AirAsia Co., Ltd. in managing risks by jointly apply the policy and process for risk management to identify and manage risks that have the tendency to affect the efficiency and growth of Thai AirAsia Co., Ltd.
 3. Risk management process includes setting up objectives, goals, and strategies for risk identification, risk assessment, risk evaluation, risk management, and risk monitoring and reporting.
- Process owners identify, analyze, manage and evaluate risks in their own areas of responsibilities.

The operation has followed the framework for risk management under the international standards set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as follows:

1. Considering the characteristics of existing or future risks by identifying events or risk factors that may affect or contribute to the achievement of the organization's and operational goals appropriately by considering risks from the internal operation, laws, society, politics, and external environment, and assigning all departments to identify and categorize risks systematically, and monitoring changes and reporting to the Management or relevant agents regularly.
2. Evaluating risk by specifying criteria for evaluation at each level appropriately at the organizational and operational level, and qualitatively and quantitatively evaluating level of risk by considering both acceptable and unacceptable risks in two aspects, which are the impact of the risk taking place and the possibility of the risk for taking place by specifying the level of risk as high, medium or low.
3. Setting strategy to respond to risk at each level and overall risk by avoiding, reducing, averting, and accepting risk, to ensure that all alternatives are efficiently and worthily considered by managing the high risk first to reduce the possibility and impact of the risk.
4. Each department heads controls, evaluates, and monitors results of risk management to keep it to the acceptable and appropriate level, and regularly revises changes or increases of risks in a risk evaluation report to the Top Management.
5. Risk Management Committee follows up on the success of risk management by considering the plan for the Management responsible for risk factors and the result of the credible evaluation from operation. In each meeting, Risk Management Committee assigns the responsible Management to report the result of risk management for the Audit Committee's acknowledgement.



Related Parties Transactions

In the years ended 31 December 2012 and 2013, AAV and TAA have engaged certain transactions with persons who may have conflicts of interest as follows:

1. Passenger revenue received on behalf of members within AirAsia group

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
(1) AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	Passenger revenue received on behalf is only occurred when payment is made in foreign currency through the bank's payment gateway which includes internet purchase and counter sales. AAB and IAA receive the revenue on behalf of TAA and vice versa.			TAA shares ticket reservation and booking system within Air Asia group in order to provide customers with convenience in booking ticket across the AirAsia network on the website and counter and sales agents. Passenger revenue received on behalf is a result due to the limitation of bank's payment gateway in transferring passenger revenue to the owner of such revenue within Air Asia Group when payment is made in foreign currency.
(2) IAA	IAA is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Indonesia.	1.1 Revenue that AAB received on behalf of TAA Receivable from receipts on behalf – AAB	2,590,024,485	3,106,233,677	Pricing : Reimbursed on actual receipts on behalf of
		1.2 Revenue that IAA received on behalf of TAA Receivable from receipts on behalf – IAA	202,862,854	215,776,300	Payment term : within 30 days Transaction in the future : Passenger revenue received on behalf will be an ongoing transaction in the future as it is a normal course of business with general commercial term under the approval in principle by Board of Directors and Audit Committee. TAA has been discussing with the banks to resolve the limitation in the payment gateway's system in the future.
		1.3 Revenue that TAA received on behalf of AAB (including on behalf of IAA) Payable from receipts on behalf – AAB	22,604,923 22,311,167 447,159,776	15,607,080 40,502,625 566,547,738	
			37,499,686	61,362,445	

2. Advance payment on behalf of members within AirAsia group

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Bahi)		Rationales
			2012	2013	
(1) AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	Advance payment on behalf within AirAsia group includes airport charges of airport terminal, ramp and apron areas, passenger service charges, air navigation charges, check-in counters, aerobridge, customs, immigrations and quarantine as well as marketing expenses, training expenses and ICT expenses.			To enhance operational efficiency and management on services which can be shared within AirAsia group, the advance payment will be made by the party who initiated the route and entered into contract with that particular airport, as well as for marketing and promotional expenses in relation to common routes, training and ICT expenses. The party who entered into contract with the third party will make advance payment on behalf of the group before making reimbursement based on actual expense.
(2) IAA	IAA is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Indonesia.	<p>2.1 TAA makes advance payment on behalf of AAB Receivable on advance payment – AAB</p> <p>2.2 TAA makes advance payment on behalf of IAA Receivable on advance payment – IAA</p>	137,922,091 60,455,068	289,002,542 77,333,303	<p>Pricing : Reimbursement based on actual advance payment or in portion according to the agreed allocation. Payment term : within 30 days Transaction in the future : Advance payment on behalf will be an ongoing transaction in the future as it is a normal course of business with normal commercial term under the approval in principle by Board of Directors and Audit Committee.</p>
(3) AAX	AAX has two directors who are also directors in TAA; Mr. Anthony Francis Fernandes and Mr. Kamarudin Bin Meranun, Mr. Fernandes and Mr. Meranun are the indirect shareholders in AAX through Aero Ventures Sdn Bhd which holds 52% equity interest in AAX	<p>2.3 TAA makes advance payment on behalf of AAX Receivable on advance payment – AAX</p> <p>2.4 AAB makes advance payment on behalf of TAA Payable on advance payment - AAB</p> <p>2.5 IAA makes advance payment on behalf of TAA Payable on advance payment – IAA</p> <p>2.6 AAX makes advance payment on behalf of TAA Payable on advance payment – AAX</p>	- - 376,489,181 24,988,308 9,668,201 9,499,473 6,692,218 -	8,498,577 8,559,109 476,037,214 185,812,888 494,971 10,756,551 3,683,531 -	

3. Interest income and interest expenses within AirAsia group

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
(1) AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	Interest income and interest expense within AirAsia group is calculated upon the late payment of the net outstanding receivables/payables for more than 30 days from invoice date.			TAA and companies within AirAsia group have charged interest within the group on the late payment of the net outstanding receivables/payables over the due date, which is 30 days from invoice date. Interest rate: Interest rate within Air Asia group is applied, equivalent to AAB's financial cost at 6% per annum in 2012 and 2013. Transaction in the future : Transaction will be ongoing in the future as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
(2) IAA	IAA is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Indonesia.	3.1 Interest income: TAA receives interest income from AAB and IAA on the delay of payment. 3.1.1 Interest income - AAB Outstanding net receivable - AAB Interest income receivable - AAB	-	-	
			-	-	
(3) AAM	AAM is a subsidiary of AAB in which AAB hold 100% equity interest.	3.1.2 Interest income - IAA Outstanding net receivable - IAA Interest income receivable - IAA 3.2 Interest expense: TAA is charged for interest from AAM on the delay of payment. 3.2.1 Interest expense- AAM Outstanding net payable - AAM Interest expense payable - AAM	2,467,251	3,110,799	
			2,443,976	5,907,614	

4. Aircraft lease

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
AAM	AAM is a subsidiary of AAB in which AAB hold 100% equity interest.	TAA leases its aircraft (operating lease) from AAM of 25 aircraft and 27 aircraft (as of 31 December 2012 and 2013) Aircraft lease Aircraft lease payable - AAM Other non-current asset – aircraft lease deposit Aircraft lease deposit payable - AAM	3,120,306,176 268,225,913 543,255,174 -	3,278,934,900 306,099,926 605,152,224 -	<p>TAA has leased its aircraft from AAM for business operation. Air Asia group has a pooling purchase for higher bargaining power with manufacture.</p> <p>Lease rate: Lease rate is quoted in US Dollar term for a monthly payment with contract period of 12 years and comparable to industry average rate.</p> <p>Payment term : within 30 days Transaction in the future : Aircraft lease will be an ongoing transaction until the expiration of lease agreement on each aircraft as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee. In addition, TAA will continue the pooling purchase order together with AirAsia group.</p>

5. Aircraft maintenance

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
AAM	AAM is a subsidiary of AAB in which AAB hold 100% equity interest.	TAA pays aircraft repair and maintenance cost to AAM, the lessor, for the D check or major overhaul as specified under the aircraft lease agreement. Aircraft maintenance Aircraft maintenance payable - AAM	1,258,670,939 119,954,936	1,476,958,96 142,250.62	The operating lease agreement between TAA and AAM required for TAA to have repair and maintenance on leased aircraft as well as has set conditions before delivery, in which the leased aircraft must be fully repaired upon the contract expiration as this a normal terms under aircraft lease agreement. Maintenance rate : Maintenance rate is quoted per flight hour / cycle in US Dollar term for a monthly payment and comparable to industry average rate Payment term : within 30 days Transaction in the future : Aircraft maintenance will be an ongoing transaction until the expiration of lease agreement and maintenance agreement on each aircraft as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

6. Booking Fee

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA pays online air ticket booking system fee (booking fee) to AAB. Booking fee Booking fee payable - AAB	69,907,496 6,580,089	88,184,386 9,366,661	TAA shares the same booking system with others in Air Asia group. AAB has entered into a contract, on behalf of the group, with Navitaire, an independent air ticket sales and management system provider, and will charge the booking fee from TAA based on the actual usage at the rate charged by Navitaire. Booking fee rate : Booking fee is charged at a fixed rate per passenger on a monthly basis; the rate shall not exceed the amount specified in the contract. Payment term : within 30 days Transaction in the future : Booking fee will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

7. Purchase of merchandise and equipment

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA purchases merchandise and equipment from AAB such as aircraft spare parts and certain inflight merchandise for selling on board. Purchase of merchandise and equipment Purchase payable - AAB	166,929,986 13,029,380	215,282,972 18,840,272	TAA purchases merchandise and equipment from AAB such as aircraft spare parts and certain inflight merchandise for selling on board. Having centralized the product sourcing, AAB will accumulate all demand from Air Asia Group before making a pooling purchase for higher bargaining power with suppliers. Pricing : Comparable pricing with the one AAB made with outsiders Payment term : within 30 days Transaction in the future: Purchase from the group will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

8. Administrative Fee

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA pays administrative fee to AAB Administrative fee Administrative fee payable - AAB	14,963,392 1,231,100	14,879,892 1,317,976	TAA pays administrative fee to AAB in return of its assistance on business operations in term of airline technical expertise including administration, crew sourcing, consulting and other assistance in regards to airline business. Pricing : Fix rate of USD 40,000 per month as agreed in the administrative agreement Payment term : within 30 days Transaction in the future: Administrative fee will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

9. Accounting staff cost allocation

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
(1) AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA provides accounting services for AAB and IAA 9.1 Staff cost allocation – AAB Staff cost allocation payable - AAB	(21,057,935) 3,758,845	(27,911,822) 5,269,300	TAA provides accounting services for companies within Air Asia group by using TAA personnel, in which, TAA will charge back on services provided based on number of aircraft operated. Pricing: Actual accounting staff cost will be charged back based on number of aircraft of each member within the group plus margin as specified in the service agreement. Payment term : within 30 days Transaction in the future: Accounting staff cost allocation will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
(2) IAA	IAA is an associate of AAB in which AAB holds indirect 49% equity interest and operates low cost airlines business in Indonesia.	9.2 Staff cost allocation – IAA Staff cost allocation payable - IAA	(7,195,916) 7,102,954	(10,053,670) 18,380,873	

10. (Gain) or loss from fuel swap agreement allocation

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA has the share of loss (gain) from fuel price swap agreements done through AAB as specified in the fuel swap agreement. Share of loss (gain) from fuel price swap agreements - AAB Payable on share of gain/loss from fuel price swap agreements – AAB Other non-current assets – deposits on fuel price swap	(20,056,404) 8,924,643	43,827,989 (10,165,545)	In protecting the risks on fluctuation of fuel price, TAA has entered into the fuel price swap agreement through AAB for better bargaining power. The decision making is dependent on TAA's judgment. (Gain) or loss allocation : (Gain) loss from fuel price swap agreement will be allocated on a monthly basis by the estimated amount of fuel used by each company. Payment term : within 30 days Transaction in the future : (Gain) loss from fuel swap agreement allocation will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.
			15,242,850	16,338,900	

11. Pilot training cost

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
Asian Aviation Centre of Excellence Sdn Bhd (AACOE)	AACOE is a joint venture of AAB in which AAB hold 50% equity interest.	TAA pays pilot training cost to AACOE Pilot training cost Pilot training cost payable	70,511,785 39,544,621	96,546,247 20,851,134	TAA receives service of pilot training and facilities from AACOE, which is the Malaysian, based joint venture between AAB and CAE, a reputable pilot training center in Canada. Pricing: At agreement price of different types of the training Payment term: within 30 days Transaction in the future: Pilot training cost will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.

12. Brand license fee to AirAsia Berhad

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
AAB	AAB is the indirect major shareholder in TAA through AAI which holds 45% equity interest in TAA	TAA paid Brand license fee to AirAsia Berhad. Brand license - Expense Payable on brand license fee - AAB	- -	239,766,820 67,009,623	“From January 2013, TAA will pay AAB for using the brand. “Air Asia””. Pricing: At one 1% of total revenue The rate is comparable to the rate that AAB charge to other joint venture within AirAsia Group. Payment term: within 30 days Transaction in the future: Brand license fee will be an ongoing transaction as it is a normal course of business with general commercial term under approval in principle from Board of Directors and Audit Committee.”

13. Advance from director

Person who may have conflicts of interest	Relationship	Nature of the transaction	Transaction value (Baht)		Rationales
			2012	2013	
Mr. Tassapon Bijleveld	Holds 28.16 % in AAV and is a director and the Chief Executive Officer of AAV and TAA	Mr. Tassapon Bijleveld made an advance for AAV to pay administrative expenses. Advance from director	-	8,000,000	Mr. Tassapon Bijleveld has advance for AAV to pay administrative expenses as AAV had no income of its main business Interest rate : None Term : at call Transaction in the future: This will be an ongoing transaction in a future. This transaction is beneficial for the company since no interest fee.

The Audit Committee Opinion on the related parties transactions

The related parties transactions have been considered and opined by the audit committee of Asia Aviation Plc. and Thai AirAsia Co., Ltd. as reasonable and essential for the operations of both companies, having general commercial terms under the normal course of business, undertaken for the best interests of the companies.

before proposing to the Board of Directors and/or Shareholders' Meeting, whichever case may be. Person with conflict of interest shall not be eligible to approve on such transaction. In the case that the audit committee of the Company and/or of Thai AirAsia Co., Ltd. lacks the expertise in considering the upcoming related parties transactions, the Company and Thai AirAsia Co., Ltd. will appoint independent experts or auditors for opinion on such transactions.

Approval procedure for related parties transactions Policy on entering into the related parties transaction in the future

In the case of entering into the related parties transactions, Asia Aviation Plc. and Thai AirAsia Co., Ltd. will follow the guidance in accordance with the Securities and Exchange Act as well as the notifications, rules and regulations of the Securities Exchange Commission (SEC) and will consider on the basis of necessity and reasonableness of the transaction with the fair price and business terms at the company's best interests at the best interest of the company.

Report of Directors Relating to Responsibility for Financial Statements

The Board of Directors is responsible for Asia Aviation Public Company Limited's financial statements and Asia Aviation Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

The Board of Directors has provided and maintained risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy financial reports, review internal controls, internal audit and risk management system. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

The financial statements of the Company and the consolidated financial statements of company and its subsidiaries have been examined by an external auditor, Pricewaterhouse Coopers ABAS Ltd. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Asia Aviation Public Company Limited's financial statements and Asia Aviation Public Company Limited and its subsidiaries' consolidated financial statements for the year ended December 31, 2013. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



Mr. Arak Chonlatanon
Chairman of the Board



Mr. Tassapon Bijleveld
Chief Executive Officer

Audit Committee Report for 2013

Dear Shareholders of Asia Aviation Public Company Limited

The Audit Committee comprises of three qualified independent directors, namely Mr. Arak Chonlatanon as Chairman of the Audit Committee, Mr. Distorn Vajarodaya and Mr. Nuttawut Phowborom as directors. The Head of the Internal Audit Department also acts as the Committee Secretary.

All directors on the Audit Committee are fully qualified as required by the Stock Exchange of Thailand and have performed their duties responsibly and completely as stipulated in the Audit Committee Charter approved by the Company's Board of Directors, as well as in accordance to the Notice of the Stock Exchange of Thailand.

For the fiscal year ending December 31, 2013, the Audit Committee held four meetings with full attendance. The meetings can be summarized as follows:

1. Reviewed the quarterly and annual financial statements for 2013 with the Company's executives and the auditors with constructive comments and recommendations to ensure that the financial information is accurate, complete, reliable and in compliance with the generally accepted practices, and also being appropriately and sufficiently disclosed.
2. Reviewed the efficiency and effectiveness of the internal control system, the risk management, and the internal audit system, together with the Internal Audit Department, the Company's executives, and auditors.
3. Reviewed the Audit Committee Charter and the Internal Audit Charter in order to make them up-to-date and appropriate to the corporate environment.
4. Reviewed the results of the internal audit for each quarter in 2013 and ensured the modification and improvement as recommended in the audit reports for effective and efficient operation.
5. Approved the plan, budget and headcount of internal audit for year 2014 and considered the result of internal audit report which Internal Audit Department reported directly to Audit Committee including evaluated the performance of the Head of Internal Audit Department.
6. Reviewed and commented on connected transactions or transactions which might give rise to conflict of interest and the disclosure of the said information as regulated by the Stock Exchange of Thailand and the Securities and Exchange Commission.
7. Considered the appointment and remuneration of auditors by taking the business expertise and experiences, the appropriateness of the fees and the independence of the auditors into consideration. Consequently, for the fiscal year ending on December 31, 2013, the Audit Committee selected and nominated Mr. Charnchai Chaiprasit, Certified Public Accountant No. 3760, Mr. Kajornkiat Arunrojjanakul, Certified Public Accountant No.3445, or Mr. Piboon Tankul, Certified Public Accountant No. 4298, as auditors of the Company and its subsidiaries.
8. Reviewed the Company's compliance with the regulations and legal framework of the Stock Exchange of Thailand and the Securities and Exchange Commission and other applicable laws, and the principles of good corporate governance, in cooperation with the Company's executives and the Internal Audit Department.

Given the aforementioned activities, the Audit Committee has concluded that for the year 2013, the Company has accurately prepared its financial statements according to the generally accepted accounting practices, and has sufficiently disclosed of the information in an accurate and reliable manner. The internal control system, the internal audit, and the risk management are appropriate and effective and in compliance with the applicable laws and regulations. The operation is transparent and in line with the principles of good corporate governance.



Mr. Arak Chonlatanon
Chairman of the Audit Committee

Financial performance summary of Asia Aviation Public Company Limited and subsidiary

Asia Aviation Public Company Limited (“the Company” or “AAV”) is a major shareholder of Thai AirAsia Company Limited who is an airline operator of Thai AirAsia, in which the Company currently holds 55%. Under TFRS 3: Business Combination, AAV had conducted full consolidation of its subsidiary, effective 4 May 2012. Consequently, AAV’s financial statements for the year ended 31 December 2013 are on a fully consolidated basis as compared to the financial statements for the year ended 31 December 2012, not on a fully consolidated basis for the entire year. For the purpose of this management discussion and analysis, the Company will explain the effects resulting from the consolidation at AAV’s level but will not show the comparison analysis on a year-on-year basis as the basis of preparing the financial statements is not comparable. Nonetheless, it will further discuss the results of operations in details at Thai AirAsia level for analysis based on the same comparable basis.

Asia Aviation Plc.’s financial performance for the year ended 2013 has been summarized below:

Since 1 January 2013, the Company has applied Thai Accounting Standard 12, which dealt with accounting for current and deferred income taxes. As a result, AAV had retrospective adjustments in consolidated statement of comprehensive income for the year ended 31 December 2012, having the income taxes expenses increased by Baht 125.29 million in 2012, which led the basic earnings per share to decrease Baht 0.0221 per Share in 2012. For more details, refer to Asia Aviation Plc.’s notes to financial statements no. 2.3 and no. 19 for the year ended 31 December 2013.

Since 1Q13, AAV had completed measuring the fair value of identifiable assets acquired and liabilities assumed of TAA according to TFRS 3 “Business combinations” that the acquirer (AAV) shall retrospectively adjust the provisional amounts recognized at the acquisition date (4 May 2012) within a year after such date to reflect additional information about facts and circumstances that existed as of the acquisition date. Thus, there are the effects on the adjustments to the AAV’s consolidated statement of financial position as at 31 December 2012 and to the consolidated statement of comprehensive income for the year ended 31 December 2012 as disclosed in Asia Aviation Plc.’s notes to financial statements no. 16 for the year ended 31 December 2013

Unit : Baht million

Asia Aviation Public Company Limited Statement of Comprehensive Income

	Consolidated		
	For the year ended 31 December		
	2013	(Restated) 2012	Change
Revenues	23,485.04	16,102.95	46%
Operating costs	(19,928.35)	(14,018.23)	42%
Gross profit	3,556.69	2,084.72	71%
Net gain on exchange rate	258.15	65.16	296%
Gain on fair value of previously held equity interests	0.00	14,676.61	-100%
Other income	670.65	387.97	73%
Profit before expenses	4,485.49	17,214.46	-74%
Selling expenses	(1,147.76)	(467.34)	146%
Administrative expenses	(607.91)	(417.39)	46%
Profit (loss) before finance costs and income tax expense	2,729.82	16,329.73	-83%
Finance costs	(170.97)	(17.42)	881%
Profit (loss) before income tax expense	2,558.85	16,312.31	-84%
Income tax expense	(651.18)	(435.50)	50%
Net profit (loss) for the year	1,907.67	15,876.80	-88%
Other comprehensive income (expense):			
Actuarial gain (loss) on defined retirement benefit plan	15.93	(4.25)	474%
Income tax relating to components of other comprehensive income (expense) for the year	(3.19)	0.85	-474%
Other comprehensive income (expense) for the year	12.74	(3.40)	474%
Total comprehensive income (expense) for the year	1,920.42	15,873.40	-88%
Net profit (loss) attributable to:			
Owners of the parent	1,042.76	15,512.88	-93%
Non-controlling interests	864.91	363.93	138%
	1,907.67	15,876.80	-88%
Total comprehensive income (expenses) attributable to:			
Owners of the parent	1,049.77	15,511.00	-93%
Non-controlling interests	870.65	362.40	140%
	1,920.42	15,873.40	-88%

Note : Consolidation from May 2012 onwards

Asia Aviation Plc. had revenues on a partially consolidated FY2012 (from May 2012) of Baht 16,102.95 million compared to Baht 23,485.04 million in FY2013 based on the fully consolidation method.

Net profit attributable to owners of the parent amounted to Baht 1,042.76 million in FY2013, decreased by 93% from Baht 15,512.88 million, resulting from the gain on fair value of previously held equity interests that occurred in the second quarter in 2012 amounted to Baht 14,676.61 million, while there was no recognition of such transaction in 2013. Total comprehensive income attributable to owners of the parent amounted to Baht 1,049.77 million in FY2013, decreased by 93% from Baht 15,511.00 million as the aforementioned.

Net profit attributable to owners of the parent excluding the gain on fair value of previously held equity interests amounted to Baht 1,042.76 million in FY2013, increased by 25% from Baht 836.27 million. Total comprehensive income attributable to owners of the parent excluding the gain on fair value of previously held equity interests amounted to Baht 1,049.77 million in FY2013, increased by 26% from Baht 834.40 million. Earnings per share for the year ended 2013 amounted to 0.22 (Baht/Share) increased by 17%.



Unit : Baht million

Asia Aviation Public Company Limited Statement of Financial Position

Current assets

Cash and cash equivalents	1,958.64	4%	3,852.84	11%
Cash at financial institutions pledged as security	13.36	0%	17.38	0%
Short-term investments	3,448.63	8%	2,295.90	7%
Investments in private funds	1,032.55	2%	0.00	0%
Trade and other receivables, net	723.50	2%	378.78	1%
Amounts due from related parties	87.24	0%	210.77	1%
Inventories	90.21	0%	79.59	0%
Prepaid expenses	343.89	1%	201.05	1%
Value added tax receivable, net	78.69	0%	99.29	0%
Other current assets	40.14	0%	13.44	0%

Total current assets

Non-current assets

Cash at financial institutions pledged as security	339.19	1%	7.71	0%
Long-term investments	1,312.01	3%	10.23	0%
Aircraft, leasehold improvements and equipment, net	10,956.02	24%	3,075.44	9%
Intangible assets, net	14,868.74	33%	14,868.85	43%
Goodwill	8,824.83	20%	8,824.83	25%
Other non-current assets	817.65	2%	673.28	2%

Total non-current assets

Total assets

Current liabilities

Trade accounts payable	152.95	0%	70.99	0%
Other accounts payable	124.13	0%	105.99	0%
Amounts due to related parties	506.83	1%	427.73	1%
Deferred revenues	4,299.16	10%	3,582.16	10%
Accrued expenses	1,390.47	3%	552.35	2%
Current portion of finance lease liabilities	615.07	1%	137.14	0%
Income tax payable	150.47	0%	66.82	0%
Other current liabilities	32.48	0%	19.27	0%

Total current liabilities

Consolidated			
31 December 2013		31 December 2012	
Amount	%	Amount	%
1,958.64	4%	3,852.84	11%
13.36	0%	17.38	0%
3,448.63	8%	2,295.90	7%
1,032.55	2%	0.00	0%
723.50	2%	378.78	1%
87.24	0%	210.77	1%
90.21	0%	79.59	0%
343.89	1%	201.05	1%
78.69	0%	99.29	0%
40.14	0%	13.44	0%
7,816.85	17%	7,149.03	21%
339.19	1%	7.71	0%
1,312.01	3%	10.23	0%
10,956.02	24%	3,075.44	9%
14,868.74	33%	14,868.85	43%
8,824.83	20%	8,824.83	25%
817.65	2%	673.28	2%
37,118.43	83%	27,460.34	79%
44,935.28	100%	34,609.37	100%
152.95	0%	70.99	0%
124.13	0%	105.99	0%
506.83	1%	427.73	1%
4,299.16	10%	3,582.16	10%
1,390.47	3%	552.35	2%
615.07	1%	137.14	0%
150.47	0%	66.82	0%
32.48	0%	19.27	0%
7,271.57	16%	4,962.45	14%

Unit : Baht million

Asia Aviation Public Company Limited Statement of Financial Position (cont'd)

Non-current liabilities

Finance lease liabilities

Deferred tax liabilities, net

Employee benefit obligations

Total non-current liabilities

Total liabilities

Share capital

Premium on share capital

Other reserves

Retained earnings (Deficits)

Equity attributable to owners of the parent

Non-controlling interests

Total shareholders' equity

Note : Full Consolidation from May 2012 onwards

Consolidated			
31 December 2013		31 December 2012	
Amount	%	Amount	%
7,545.77	17%	1,783.11	5%
3,309.66	7%	3,034.14	9%
133.00	0%	111.85	0%
10,988.43	24%	4,929.10	14%
18,260.00	41%	9,891.55	29%
485.00	1%	485.00	1%
2,599.81	6%	2,599.81	8%
0.00	0%	(37.05)	0%
16,261.08	36%	15,211.31	44%
19,345.89	43%	18,259.07	53%
7,329.39	16%	6,458.75	19%
26,675.28	59%	24,717.82	71%

As at 31 December 2013, total assets amounted to Baht 44,935.28 million, which mainly increased from aircraft, leasehold improvements, and equipment – net, given 8 aircraft deliveries in 2013 and from net book value of investments in private funds. Total liabilities as at 31 December 2013 amounted to Baht 18,260.00 million, which was mainly increased from finance lease liabilities on aircraft deliveries during the period and higher deferred revenues in relation to an increase of sales. Total shareholders' equity as at 31 December 2013 amounted to Baht 26,675.28 million, increasing from retained earnings derived from profits during the year. Thus, equity attributable to owners of the parent amounted to Baht 19,345.89 million and non-controlling interests amounted to Baht 7,329.39 million.



Unit : Baht million

Asia Aviation Public Company Limited Statements of Cash Flows

Net cash generated from operating activities
 Net cash used in investing activities
 Net cash generated from (used in) financing activities
 Net increase (decrease) in cash and cash equivalents
 Cash and cash equivalents at the beginning of the year
 Exchange gain on cash and cash equivalents
 Cash and cash equivalents at the end of the year

Consolidated	
For the years ended 31 December	
2013	2012*
3,692.44	2,643.00
(5,237.75)	(1,830.37)
(436.22)	2,296.02
(1,981.53)	3,108.65
3,852.84	694.43
87.33	49.76
1,958.64	3,852.84

* Consolidation from May 2012 onwards

For the year ended 31 December 2013 under the fully consolidated basis, Asia Aviation Plc. had net cash generated from operating activities of Baht 3,692.44 million, being the operating cash flows before changes in operating assets and liabilities of Baht 3,100.44 million. The net cash used in investing activities was Baht 5,237.75 million while the net cash used in financing activities was Baht 436.22 million. As a result, Asia Aviation Plc. had net decrease in cash and cash equivalents of Baht 1,981.53 million, ending the balance for FY2013 of Baht 1,958.64 million.



Thai AirAsia's financial performance for the year ended 2013 has been summarized below:

Since 1 January 2013, Thai AirAsia had applied Thai Accounting Standard 12, which dealt with accounting for current and deferred income taxes. As a result, TAA had retrospective adjustments in statement of comprehensive income for the year ended 31 December 2012, having the income taxes expenses increased by Baht 199.51 million, which led to the decrease in basic earnings per share of Baht 4.74 per share for FY2012. For more details, refer to Thai AirAsia's notes to financial statements no. 2.3 and no. 16 for the year ended 31 December 2013.

Unit : Baht million

Thai AirAsia Company Limited Statement of Comprehensive Income

	Consolidated		
	For the year ended 31 December		
	2013	(Restated) 2012	Change
Revenues	23,485.04	19,348.93	21%
Operating costs	(19,907.71)	(16,659.06)	20%
Gross profit	3,577.33	2,689.87	33%
Net gain on exchange rates	258.15	68.42	277%
Other income	669.88	450.03	49%
Profit before expenses	4,505.36	3,208.32	40%
Selling expenses	(1,147.76)	(596.57)	92%
Administrative expenses	(584.70)	(460.20)	27%
Profit before finance costs and income tax expense	2,772.89	2,151.55	29%
Finance costs	(170.97)	(20.38)	739%
Profit before income tax expense	2,601.92	2,131.17	22%
Income tax expense	(654.25)	(519.81)	26%
Net profit for the year	1,947.67	1,611.36	21%
Other comprehensive income (expense)			
Actuarial gain (loss) on defined retirement benefit plan	15.93	(4.25)	474%
Income tax relating to components of other comprehensive income (expense) for the year	(3.19)	0.85	-474%
Other comprehensive income (expense) for the year	12.74	(3.40)	-474%
Total comprehensive income for the year	1,960.41	1,607.96	22%

Revenues in FY2013 amounted to Baht 23,485.04 million, increased by 21% from Baht 19,348.93 million in FY2012, primarily attributable to higher passenger revenues due to more passengers carried from 8.3 million in FY2012 to 10.5 million in FY2013 or a 27% growth, notwithstanding a slightly soften in average fare to Baht 1,885 when compared to the same period of last year. The load factor grew 1% to 83% for this year. ASK in FY2013 increased 23% to 12,951 million, based on an incremental of 8 aircraft compared to the same period of last year. Aircraft utilization was at 11.7 hours per day. Ancillary revenues per passenger increased from Baht 354 in FY2012 to Baht 358 in FY2013.

Gross profit grew at 33% from Baht 2,689.87 million in FY2012 to Baht 3,577.33 million in FY2013, having a hefty gross profit margin of 15%. The improvement was mainly due to the decelerating growth of fuel cost from lower jet fuel price as well as the decelerating growth of aircraft rental from Thai AirAsia entering into finance leases instead of operating leases, despite the escalation of other costs such as repair and maintenance costs and staff costs from larger fleet size.

Profit before finance costs and income tax increased 29% from Baht 2,151.55 million in FY2012 to Baht 2,777.89 million in FY2013, having higher EBIT margin of 12% despite increases in advertising and marketing expenses as well as brand license expenses.

Net profit for the year had a growth of 21% from Baht 1,611.36 million in FY2012 to Baht 1,947.67 million in FY2013, with the income tax of Baht 654.25 million. Net profit margin was at 8% despite the higher year-on-year finance costs from the interests of aircraft under finance leases.

Total comprehensive income for the year had a growth of 22% from Baht 1,607.96 million in FY2012 to Baht 1,960.41 million in FY2013 resulted from actuarial gain on defined retirement benefit plan amounted to Baht 15.93 million and income tax relating to components of other comprehensive expense amounted to Baht 3.19 million.



Unit : Baht million

Thai AirAsia Company Limited Statement of Financial Position

Current assets

Cash and cash equivalents	1,956.55	9%	3,847.79	36%
Cash at financial institutions pledged as security	13.36	0%	17.38	0%
Short-term investments	3,448.63	16%	2,295.90	21%
Investments in private funds	1,032.55	5%	0.00	0%
Trade and other receivables, net	723.50	3%	378.78	4%
Amounts due from related parties	87.24	0%	210.77	2%
Inventories	68.97	0%	58.35	1%
Prepaid expenses	342.97	2%	233.86	2%
Value added tax receivable, net	78.69	0%	99.29	1%
Other current assets	40.13	0%	13.44	0%
Total current assets	7,792.59	37%	7,155.55	66%

Non-current assets

Cash at financial institutions pledged as security	339.19	2%	7.71	0%
Long-term investments	1,310.55	6%	8.77	0%
Aircraft, leasehold improvements and equipment, net	10,835.93	51%	2,923.55	27%
Intangible assets, net	11.96	0%	11.81	0%
Other non-current assets	817.65	4%	673.28	6%
Total non-current assets	13,315.28	63%	3,625.13	34%

Total assets

Current liabilities

Trade accounts payable	152.95	1%	70.99	1%
Other accounts payable	124.13	1%	105.99	1%
Amounts due to related parties	506.83	2%	427.73	4%
Deferred revenues	4,299.16	20%	3,582.16	33%
Accrued expenses	1,390.02	7%	551.97	5%
Current portion of finance lease liabilities	615.07	3%	137.14	1%
Income tax payable	150.47	1%	66.82	1%
Other current liabilities	24.36	0%	19.16	0%
Total current liabilities	7,263.00	34%	4,961.97	46%

Consolidated				
31 December 2013		31 December 2012		
Amount	%	Amount	%	
Current assets				
Cash and cash equivalents	1,956.55	9%	3,847.79	36%
Cash at financial institutions pledged as security	13.36	0%	17.38	0%
Short-term investments	3,448.63	16%	2,295.90	21%
Investments in private funds	1,032.55	5%	0.00	0%
Trade and other receivables, net	723.50	3%	378.78	4%
Amounts due from related parties	87.24	0%	210.77	2%
Inventories	68.97	0%	58.35	1%
Prepaid expenses	342.97	2%	233.86	2%
Value added tax receivable, net	78.69	0%	99.29	1%
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Intangible assets, net	11.96	0%	11.81	0%
Other non-current assets	817.65	4%	673.28	6%
Total non-current assets	13,315.28	63%	3,625.13	34%
Total assets	21,107.87	100%	10,780.68	100%
Current liabilities				
Trade accounts payable	152.95	1%	70.99	1%
Other accounts payable	124.13	1%	105.99	1%
Amounts due to related parties	506.83	2%	427.73	4%
Deferred revenues	4,299.16	20%	3,582.16	33%
Accrued expenses	1,390.02	7%	551.97	5%
Current portion of finance lease liabilities	615.07	3%	137.14	1%
Income tax payable	150.47	1%	66.82	1%
Other current liabilities	24.36	0%	19.16	0%
Total current liabilities	7,263.00	34%	4,961.97	46%

Unit : Baht million

**Thai AirAsia Company Limited
Statement of Financial Position (cont.)**

Non-current liabilities

Finance lease liabilities

Deferred tax liabilities, net

Employee benefit obligations

Total non-current liabilities

Total liabilities

Share capital

Premium on share capital

Retained earnings (Deficits)

Total shareholders' equity

Consolidated			
31 December 2013		31 December 2012	
Amount	%	Amount	%
7,545.77	36%	1,783.11	17%
309.75	1%	27.82	0%
133.00	1%	111.85	1%
7,988.52	38%	1,922.78	18%
15,251.52	72%	6,884.74	64%
435.56	2%	435.56	4%
2,628.79	12%	2,628.79	24%
2,792.01	13%	831.59	8%
5,856.35	28%	3,895.94	36%

As at 31 December 2013, Thai AirAsia Co., Ltd. had an increase in total assets to Baht 21,107.87 million, primarily attributable to the increases in aircraft, leasehold improvements, and equipment – net, given 8 new deliveries in this year and in net book value of investments in private funds. Total liabilities as at 31 December 2013 had increased from finance lease liabilities on new aircraft deliveries during the year and higher deferred revenues. Having the FY2013 net profit of Baht 1,960.41 million contributed Thai AirAsia to have the increases in retained earnings and total shareholders' equity, respectively.



Unit : Baht million

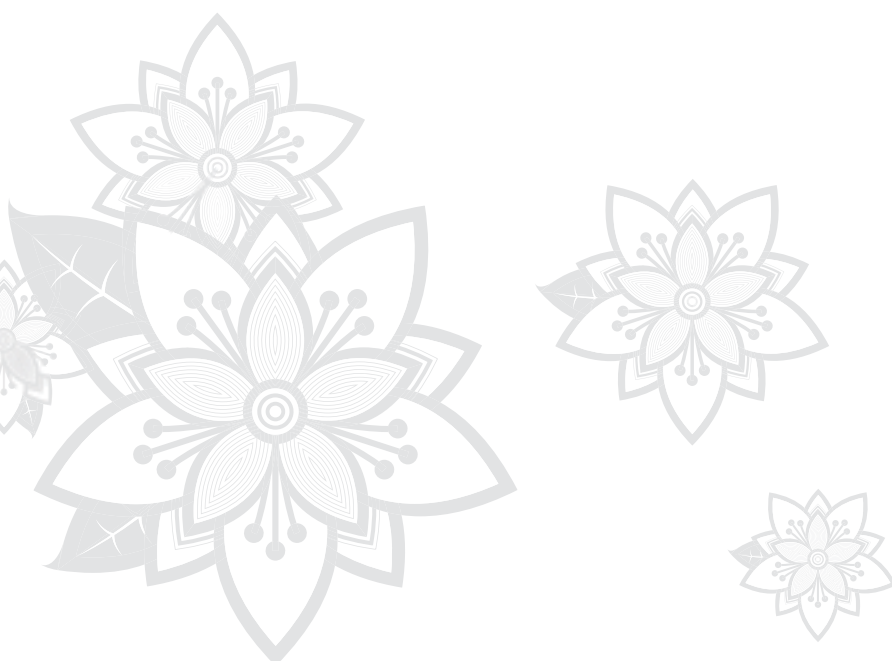
Thai AirAsia Company Limited

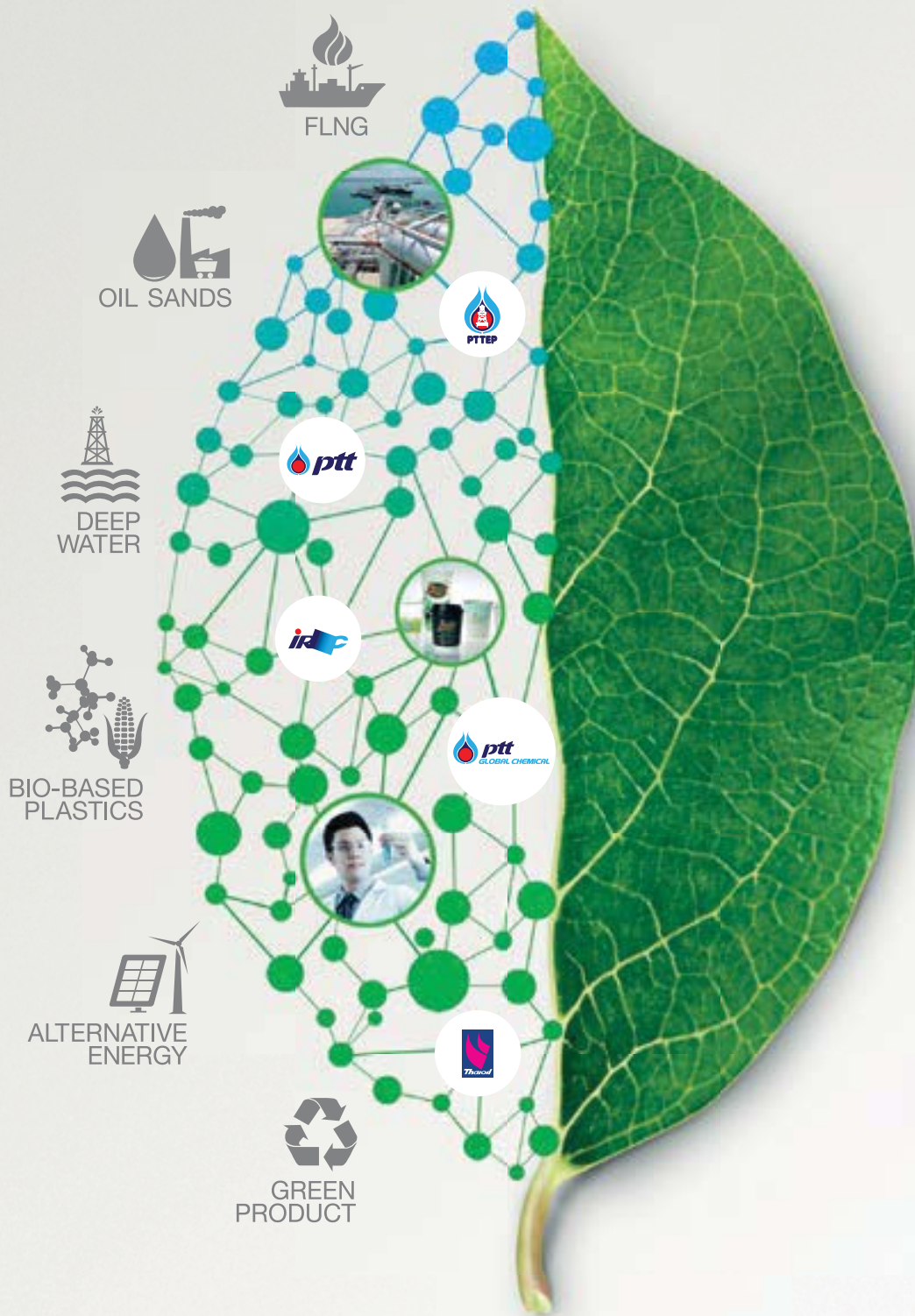
Statements of Cash Flows

Net cash generated from operating activities
Net cash used in investing activities
Net cash generated from (used in) financing activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at the beginning of the year
Exchange gain on cash and cash equivalents
Cash and cash equivalents at the end of the year

For the years ended 31 December	
2013	2012*
3,695.41	3,336.18
(5,237.75)	(3,032.64)
(436.22)	2,123.44
(1,978.56)	2,426.99
3,847.79	1,359.70
87.32	61.10
1,956.55	3,847.79

For the year ended 31 December 2013, Thai AirAsia Co., Ltd. had net cash generated from operating activities of Baht 3,695.41 million, being the operating cash flows before changes in operating assets and liabilities of Baht 3,077.77 million. The net cash increase from changes in operating assets and liabilities were mainly from the increase in deferred revenues. The net cash used in investing activities of Baht 5,237.75 million was primarily on the investments in private fund and short-term investments and partially on payments for aircraft, leasehold improvements and equipment. The net cash used in financing activities of Baht 436.22 million was mainly from the repayments of finance lease and interest paid. As a result, Thai AirAsia Co., Ltd. had net decrease in cash and cash equivalents of Baht 1,978.56 million, ending the balance as at 31 December 2013 of Baht 1,956.55 million.





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ข้อกำหนดและเงื่อนไข : ทุกๆ 25 บาท ธนาคารจะคำนวณคะแนนสะสม KBank Reward Point 3 คะแนน เฉพาะยอดการใช้จ่ายภายในประเทศที่ไทยแอร์เอเชียสูงสุด 20,000 บาทแรก ต่อบัตรต่อรอบบัญชี (ส่วนเกินเกิน 20,000 บาท รับคะแนนสะสมปกติ) (ไม่รวมเงินร้านค้าที่ถูกบันทึกเข้าในหมวด MCC ที่กำหนดโดยแบ่งจ่ายรายเดือน Smart Pay และรายการใช้จ่ายที่ถูก ยกเลิกในภายหลัง) โดยคะแนนพิเศษจะถูกบันทึกเข้าบัญชีบัตรเครดิตของผู้ถือบัตร ณ รอบบัญชีที่มีการใช้จ่ายเกิดขึ้น • ยอดการใช้จ่ายผ่านบัตรไม่รวมยอดการเบิกถอนเงินสดและค่าธรรมเนียมต่างๆ สำหรับยอดการใช้จ่ายในหมวด Smart Pay ธนาคารจะคำนวณตามยอดการผ่อนชำระรายเดือนที่มีการเรียกเก็บแล้วในแต่ละรอบบัญชีโดยยึดจากวันที่มีความการเป็นสำคัญ • ธนาคารจะ จัดส่งบัตรกำนัลบริการเลือกที่นั่งถูกใจ (Pick A Seat) และบริการฝากสัมภาระใต้ท้องเครื่องน้ำหนักไม่เกิน 15 กก. (Supersize & Save) อย่างละ 5 ใบ สำหรับบัตรแพลตตินัม และอย่างละ 3 ใบ สำหรับบัตรคลาสสิก เมื่อบัตรได้รับอนุมัติ เงื่อนไขเป็นไปตามที่ระบุไว้ในบัตรกำนัล

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Asia Aviation Public Company Limited

Financial Statements

December 31, 2013



Auditor's Report

To the Shareholders of Asia Aviation Public Company Limited

I have audited the accompanying consolidated and company financial statements of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited, which comprise the consolidated and company statements of financial position as at December 31, 2013 and the related consolidated and company statement 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 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 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 consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Asia Aviation Public Company Limited and its subsidiaries and of Asia Aviation Public Company Limited as at December 31, 2013 and its consolidated and company results of operation and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
PricewaterhouseCoopers ABAS Ltd. Bangkok
26 February 2014

Statement of Financial Position

As at December 31, 2013

	Notes	Consolidated		Proportionate	Company		(Restated)
		31 December 2013	31 December 2012	Consolidated (Restated) 1 January 2012	31 December 2013	31 December 2012	1 January 2012
		Baht	Baht	Baht	Baht	Baht	Baht
Assets							
Current assets							
Cash and cash equivalents	8	1,958,637,392	3,852,838,996	694,425,971	2,082,971	5,051,471	977,900
Cash at financial institutions pledged as security		13,356,900	17,383,211	7,373,833	-	-	-
Short-term investments	9	3,448,628,170	2,295,900,960	4,651,341	-	-	-
Investments in private funds	10	1,032,551,182	-	-	-	-	-
Trade and other receivables, net	11	723,504,686	378,777,465	97,835,916	-	-	-
Amounts due from related parties	27.5	87,240,764	210,772,034	140,742,129	-	-	-
Inventories		90,210,619	79,587,903	26,128,736	-	-	-
Prepaid expenses		343,887,487	201,047,982	115,024,798	918,387	901,529	-
Value added tax receivable, net		78,686,650	99,289,077	351,470,624	-	-	-
Other current assets		40,144,187	13,436,177	13,392,997	12,340	-	3,530,000
Total current assets		7,816,848,037	7,149,033,805	1,451,046,345	3,013,698	5,953,000	4,507,900
Non-current assets							
Cash at financial institutions pledged as security		339,189,114	7,714,350	28,559,991	-	-	-
Long-term investments	12	1,312,007,600	10,228,300	3,534,044	-	-	-
Investment in a subsidiary	13	-	-	-	3,067,114,370	3,067,114,370	-
Investment in a joint venture		-	-	-	-	-	403,999,930
Aircraft, leasehold improvements and equipment, net	14	10,956,024,359	3,075,440,519	154,498,165	24	24	2,006
Intangible assets, net	15	14,868,736,837	14,868,845,064	7,274,065	1	1	1,052
Goodwill	16	8,824,825,803	8,824,825,803	286,184,317	-	-	-
Deferred tax assets	2.3, 19	-	-	87,127,663	-	-	-
Other non-current assets	17	817,647,640	673,281,007	292,419,374	-	-	-
Total non-current assets		37,118,431,353	27,460,335,043	859,597,619	3,067,114,395	3,067,114,395	404,002,988
Total assets		44,935,279,390	34,609,368,848	2,310,643,964	3,070,128,093	3,073,067,395	408,510,888

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

Statement of Financial Position (Cont'd)

	Notes	Consolidated		Proportionate	Company	
		31 December 2013 Baht	31 December 2012 Baht	Consolidated (Restated) 1 January 2012 Baht	31 December 2013 Baht	31 December 2012 Baht
Liabilities and shareholders' equity						
Current liabilities						
Trade accounts payable		152,951,492	70,988,769	54,025,061	-	-
Other accounts payable		124,132,639	105,991,639	33,848,064	-	-
Amounts due to related parties	27.6	506,830,215	427,725,470	184,156,928	-	-
Deferred revenues		4,299,163,449	3,582,160,385	1,385,345,343	-	-
Accrued expenses		1,390,467,580	552,349,337	247,386,536	444,376	376,747
Current portion of long-term borrowing from a financial institution		-	-	247,859,915	-	-
Current portion of finance lease liabilities	18	615,065,684	137,142,871	2,431,587	-	-
Income tax payable		150,473,336	66,819,634	-	-	-
Other current liabilities		32,484,297	19,274,771	7,175,962	8,120,597	109,954
Total current liabilities		7,271,568,692	4,962,452,876	2,162,229,396	8,564,973	486,701
Non-current liabilities						
Long-term borrowing from a financial institution		-	-	6,713,256	-	-
Finance lease liabilities	18	7,545,773,009	1,783,112,423	4,719,811	-	-
Deferred tax liabilities, net	19	3,309,661,779	3,034,141,674	-	-	-
Employee benefit obligations	21	132,997,460	111,846,384	42,203,653	-	-
Total non-current liabilities		10,988,432,248	4,929,100,481	53,636,720	-	-
Total liabilities		18,260,000,940	9,891,553,357	2,215,866,116	8,564,973	486,701

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

Statement of Financial Position (Cont'd)

	Consolidated		Proportionate	Company		
	31 December 2013	31 December 2012	(Restated) 1 January 2012	31 December 2013	31 December 2012	(Restated) 1 January 2012
Note	Baht	Baht	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (Cont'd)						
Shareholders' equity						
Share capital	23					
Authorised share capital						
Ordinary shares, 4,850,000,000 shares of par Baht 0.1 each	485,000,000	485,000,000	485,000,000	485,000,000	485,000,000	485,000,000
Issued and paid-up share capital						
Ordinary shares, 4,850,000,000 shares of paid-up Baht 0.1 each (1 January 2012: 4,100,000,000 shares of paid-up Baht 0.1 each)	485,000,000	485,000,000	410,000,000	485,000,000	485,000,000	410,000,000
Premium on share capital	2,599,808,274	2,599,808,274	-	2,599,808,274	2,599,808,274	-
Other component of equity						
Effect of change in proportion of investment in a joint venture	-	-	(15,526,868)	-	-	-
Other reserves	-	(37,047,145)	-	-	-	-
Retained earnings (Deficits)	16,261,079,344	15,211,309,058	(299,695,284)	(23,245,154)	(12,227,580)	(6,086,909)
Equity attributable to owners of the parent	19,345,887,618	18,259,070,187	94,777,848	3,061,563,120	3,072,580,694	403,913,091
Non-controlling interests	7,329,390,832	6,458,745,304	-	-	-	-
Total shareholders' equity	26,675,278,450	24,717,815,491	94,777,848	3,061,563,120	3,072,580,694	403,913,091
Total liabilities and shareholders' equity	44,935,279,390	34,609,368,848	2,310,643,964	3,070,128,093	3,073,067,395	408,510,888

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

Statement of Comprehensive Income

For the year ended December 31, 2013

	Notes	Consolidated		Company	
		2013 Baht	(Restated) 2012 Baht	2013 Baht	(Restated) 2012 Baht
Revenues	24	23,485,042,536	16,102,950,774	-	-
Operating costs		(19,928,354,155)	(14,018,227,586)	-	-
Gross profit		3,556,688,381	2,084,723,188	-	-
Net gain on exchange rates		258,151,066	65,156,572	1,416	170,861
Gain on fair value of previously held equity interests		-	14,676,608,801	-	-
Other income		670,649,775	387,967,574	773,660	310,301
Profit before expenses		4,485,489,222	17,214,456,135	775,076	481,162
Selling expenses		(1,147,762,163)	(467,336,019)	-	-
Administrative expenses		(607,905,725)	(417,390,448)	(11,792,650)	(6,396,660)
Profit (loss) before finance costs and income tax expense		2,729,821,334	16,329,729,668	(11,017,574)	(5,915,498)
Finance costs		(170,971,996)	(17,421,153)	-	(225,173)
Profit (loss) before income tax expense		2,558,849,338	16,312,308,515	(11,017,574)	(6,140,671)
Income tax expense	20	(651,177,101)	(435,503,879)	-	-
Net profit (loss) for the year		1,907,672,237	15,876,804,636	(11,017,574)	(6,140,671)
Other comprehensive income (expense):					
Actuarial gain (loss) on defined retirement benefit plan	21	15,929,471	(4,254,785)	-	-
Income tax relating to components of other comprehensive income (expense) for the year	20	(3,185,894)	850,957	-	-
Other comprehensive income (expense) for the year		12,743,577	(3,403,828)	-	-
Total comprehensive income (expense) for the year		1,920,415,814	15,873,400,808	(11,017,574)	(6,140,671)
Net profit (loss) attributable to:					
Owners of the parent		1,042,761,319	15,512,876,448	(11,017,574)	(6,140,671)
Non-controlling interests		864,910,918	363,928,188	-	-
		1,907,672,237	15,876,804,636	(11,017,574)	(6,140,671)
Total comprehensive income (expenses) attributable to:					
Owners of the parent		1,049,770,286	15,511,004,342	(11,017,574)	(6,140,671)
Non-controlling interests		870,645,528	362,396,466	-	-
		1,920,415,814	15,873,400,808	(11,017,574)	(6,140,671)
Earnings (loss) per share					
Basic earnings (loss) per share	26	0.2150	3.4134	(0.0023)	(0.0014)

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

**Statement of
Changes in
Shareholders' Equity**
For the year ended December 31, 2013

Consolidated											
Atributable to owners of the parent											
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficits)	Other reserves		Effect of change in proportion of investment in a joint venture		Total owners of the parent	Non-controlling interests	Total shareholders' equity	
				Baht	Baht	Baht	Baht				Baht
	410,000,000	-	(386,822,947)	-	-	(15,526,868)	-	7,650,185	-	7,650,185	
2,3	-	-	87,127,663	-	-	-	-	87,127,663	-	87,127,663	
	410,000,000	-	(299,695,284)	-	-	(15,526,868)	-	94,777,848	-	94,777,848	
23	75,000,000	2,700,000,000	-	-	-	-	-	2,775,000,000	-	2,775,000,000	
23	-	(100,191,726)	-	-	-	-	-	(100,191,726)	-	(100,191,726)	
	-	-	-	-	(37,047,145)	15,526,868	-	15,526,868	7,450,775,505	7,466,302,373	
	-	-	-	-	-	-	-	(37,047,145)	-	(37,047,145)	
	-	-	15,511,004,342	-	-	-	-	15,511,004,342	362,396,466	15,873,400,808	
16	-	-	-	-	-	-	-	-	(1,354,426,667)	(1,354,426,667)	
	485,000,000	2,599,808,274	15,211,309,058	(37,047,145)	-	-	-	18,259,070,187	6,458,745,304	24,717,815,491	

Opening balance as at 1 January 2012
- as previously reported

Adjustments from the adoption of a new accounting standard

Balance after adjustment

Ordinary shares issued

Transaction costs

Effect of change in investment

from a joint venture to a subsidiary

- as previously reported

Effect of share-based payment

Total comprehensive income

for the year - as restated

Retrospective adjustments

Closing balance as at 31 December 2012

The accompanying notes are an integral part of these consolidated and company financial statements

Statement of Changes in Shareholders' Equity (Cont'd)

		Consolidated						
		Attributable to owners of the parent				Non-controlling interests		Total shareholders' equity
		component of equity						
		Other reserves		Total owners of the parent				
		Baht		Baht		Baht		Baht
Notes		Issued and paid-up share capital	Premium on share capital	Retained earnings	Other reserves	Total owners of the parent	Non-controlling interests	Total shareholders' equity
		Baht	Baht	Baht	Baht	Baht	Baht	Baht
	Opening balance as at 1 January 2013							
	- as previously reported	485,000,000	2,599,808,274	15,259,409,223	(33,712,692)	18,310,504,805	7,856,117,186	26,166,621,991
	Adjustments from the adoption of a new accounting standard	-	-	(13,012,199)	(3,334,453)	(16,346,652)	(11,469,865)	(27,816,517)
	Retrospective adjustments	-	-	(35,087,966)	-	(35,087,966)	(1,385,902,017)	(1,420,989,983)
	Balance after adjustments	485,000,000	2,599,808,274	15,211,309,058	(37,047,145)	18,259,070,187	6,458,745,304	24,717,815,491
	Effect of share-based payment	-	-	-	37,047,145	37,047,145	-	37,047,145
	Total comprehensive income for the year	-	-	1,049,770,286	-	1,049,770,286	870,645,528	1,920,415,814
	Closing balance as at 31 December 2013	485,000,000	2,599,808,274	16,261,079,344	-	19,345,887,618	7,329,390,832	26,675,278,450

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

Statement of Changes in Shareholders' Equity (Cont'd)

	Company			
	Issued and paid-up share capital	Premium on share capital	Deficits	Total
Notes	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2012 - as previously reported				
Adjustment from the adoption of a new accounting standard	410,000,000	-	(6,086,909)	403,913,091
	2.3	-	-	-
Balance after adjustment	410,000,000	-	(6,086,909)	403,913,091
Ordinary share issued	75,000,000	2,700,000,000	-	2,775,000,000
Transaction costs	-	(100,191,726)	-	(100,191,726)
Total comprehensive expense for the year - as restated	-	-	(6,140,671)	(6,140,671)
Closing balance as at 31 December 2012	485,000,000	2,599,808,274	(12,227,580)	3,072,580,694
Opening balance as at 1 January 2013 - as previously reported				
Adjustment from the adoption of a new accounting standard	485,000,000	2,599,808,274	(12,227,580)	3,072,580,694
	2.3	-	-	-
Balance after adjustment	485,000,000	2,599,808,274	(12,227,580)	3,072,580,694
Total comprehensive expense for the year	-	-	(11,017,574)	(11,017,574)
Closing balance as at 31 December 2013	485,000,000	2,599,808,274	(23,245,154)	3,061,563,120

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

Statement of Cash Flows

For the year ended December 31, 2013

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Cash flows from operating activities					
Profit (loss) before income tax expense		2,558,849,338	16,312,308,515	(11,017,574)	(6,140,671)
Adjustments for:					
Gain on fair value of previously held interests		-	(14,676,608,801)	-	-
Depreciation	14	401,631,053	141,359,696	-	1,982
Amortisation	15	4,691,165	3,696,095	-	1,051
Loss on disposals and write-offs of leasehold improvements, equipment and intangible assets		647,460	18,745	-	-
Employee benefit expenses	21	38,428,899	22,094,489	-	-
Amortisation of share-based payment	22	33,712,691	53,940,308	-	-
Net (gain) loss on exchange rates		85,854,062	(49,758,880)	(1,416)	-
Unrealised gain on fair value adjustment in investments in private funds	10	(32,551,182)	-	-	-
Finance costs		170,971,996	17,421,153	-	225,173
Interest income		(161,794,765)	(81,831,499)	(23,660)	(310,301)
		3,100,440,717	1,742,639,821	(11,042,650)	(6,222,766)
Changes in operating assets and liabilities:					
- Cash at financial institutions pledged as security		(327,448,453)	100,327,654	-	-
- Trade and other receivables		(328,871,752)	(172,558,450)	-	-
- Amounts due from related parties		127,600,550	(9,242,133)	-	-
- Inventories		(10,622,716)	(8,008,884)	-	-
- Prepaid expenses		(142,839,505)	20,269,058	(16,858)	(901,529)
- Value added tax receivable		20,602,427	303,915,759	-	-
- Other current assets		(26,708,010)	9,683,174	(12,340)	3,530,000
- Other non-current assets		(144,366,633)	(102,934,452)	-	-
- Trade accounts payable		81,962,723	(32,383,031)	-	-
- Other accounts payable		18,141,000	47,127,820	-	-
- Amounts due to related parties		79,104,745	64,617,283	-	-
- Deferred revenues		717,003,064	893,720,230	-	-
- Accrued expenses		783,526,476	(72,009,136)	67,629	(4,200,314)
- Other current liabilities		13,209,526	86,254,949	8,010,643	89,218
Cash generated from (used in) operating activities		3,960,734,159	2,871,419,662	(2,993,576)	(7,705,391)
Interest received		24,904,203	24,551,169	23,660	310,301
Income tax paid		(291,854,734)	(252,971,934)	-	-
Employee benefit paid	21	(1,348,352)	-	-	-
Net cash generated from (used in) operating activities		3,692,435,276	2,642,998,897	(2,969,916)	(7,395,090)

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

Statement of Cash Flows (Cont'd)

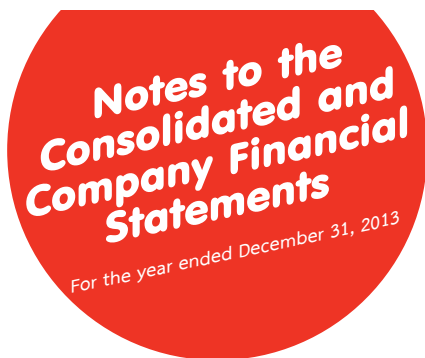
	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Cash flows from investing activities					
Cash received from change in investment in a joint venture to a subsidiary		-	625,297,714	-	-
Payments for investment in a subsidiary		-	-	-	(2,663,114,440)
Payments for short-term investments		(1,152,727,210)	(1,759,390,954)	-	-
Payments for long-term investments	12	(1,301,779,300)	(1,839,800)	-	-
Purchases of securities in investments in private funds	10	(2,398,424,325)	-	-	-
Disposals of securities in investments in private funds	10	1,398,424,325	-	-	-
Proceeds from disposals of leasehold improvements and equipment		7,129,506	900,489	-	-
Payments for aircraft, leasehold improvements and equipment		(1,903,710,405)	(739,289,127)	-	-
Payments for intangible assets	15	(4,582,938)	(1,524,302)	-	-
Interest received		117,924,293	45,479,104	-	-
Net cash used in investing activities		(5,237,746,054)	(1,830,366,876)	-	(2,663,114,440)
Cash flows from financing activities					
Proceeds from issue of ordinary shares	23	-	2,587,155,274	-	2,674,808,274
Repayments of finance leases		(269,439,143)	(19,138,827)	-	-
Repayments of long-term borrowing from a financial institution		-	(254,573,171)	-	-
Interest paid		(166,777,116)	(17,421,152)	-	(225,173)
Net cash generated from (used in) financing activities		(436,216,259)	2,296,022,124	-	2,674,583,101
Net increase (decrease) in cash and cash equivalents					
		(1,981,527,037)	3,108,654,145	(2,969,916)	4,073,571
Cash and cash equivalents at the beginning of the year		3,852,838,996	694,425,971	5,051,471	977,900
Exchange gain on cash and cash equivalents		87,325,433	49,758,880	1,416	-
Cash and cash equivalents at the end of the year		1,958,637,392	3,852,838,996	2,082,971	5,051,471

Non-cash transactions

Significant non-cash transactions during the years ended 31 December 2013 and 2012 are as follows:

Purchases of aircraft spare parts which have not been paid		50,396,888	7,202,170	-	-
Purchases of aircraft under finance lease agreements		6,135,366,989	1,926,362,106	-	-
Landing rights acquired from change in investment in a joint venture to a subsidiary	16	-	14,856,000,000	-	-
Share-based payment	22	33,712,691	53,940,308	-	-

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



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:

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

The Company’s ordinary shares are listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiary 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%. (2012: 55%).

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

As disclosed in Note 13, in May 2012, Thai AirAsia Company Limited changed from the Company’s joint venture to a subsidiary under the “Amended and Restated Shareholders’ Agreement”.

The consolidated and company financial statements were authorised for issue by the Board of Directors on 26 February 2014.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and company 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, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

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

The preparation of consolidated and company 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 Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and company financial statements are disclosed in Note 4.

An English version of the consolidated and company financial statements have been prepared from the consolidated and company 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 consolidated and company financial statements shall prevail.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 New/revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Group are:

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

TAS 12 requires tax expenses to be recognised for current and deferred tax. New accounting policy of income taxes and the significant impact to the Group are described in Note 2.3.

TAS 21 (Revised 2009) requires the Group to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Group assessed and concluded that Thai Baht is the Group's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.4.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.5. The impact to the Group in applying TFRS 8 is only on a disclosure.

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group:

a) Revised accounting standards and revised financial reporting standards effective for the periods beginning on or after 1 January 2014

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interest in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 36 (Revised 2012)	Impairment of Asset
TAS 38 (Revised 2012)	Intangible Assets
TFRS 2 (Revised 2012)	Share-based Payment
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

The Group's management has assessed and determined that the revised accounting standards and revised financial reporting standards will not significantly impact the consolidated and company financial statements being presented.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

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

2.2.2 Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group: (Cont'd)

b) Interpretations of Thai Financial Reporting Interpretations Committee ("TFRIC") and Thai Standard Interpretations committee ("TSIC") effective for the periods beginning on or after 1 January 2014

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement Contains a Lease
TFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Website Costs

The Group's management has assessed and determined that the new interpretations of TFRIC and SIC will not significantly impact the consolidated and company financial statements being presented except the new interpretation as disclosed below:

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 Group's management is currently assessing the impact of applying this interpretation.

c) New accounting standard which is effective for the periods beginning on or after 1 January 2016

TFRS 4	Insurance Contracts
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The Group's management has assessed and determined that the new accounting standard will not significantly impact the consolidated and company financial statements being presented.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.3 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the consolidated and company financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group has applied Thai Accounting Standard 12, which dealt with accounting for current and deferred income taxes since 1 January 2013 by retrospective adjusting. The effects of the adoption of the above standard were as follows:

	Consolidated Baht	Company Baht
Statement of financial position		
Deferred tax assets as of 1 January 2012 (proportionate) increased	87,127,663	-
Deferred tax liabilities, net as of 31 December 2012 increased	27,816,517	-
Deficits as of 1 January 2012 (proportionate) decreased	87,127,663	-
Other component of equity - other reserves as of 31 December 2012 decreased	3,334,453	-
Retained earnings as of 31 December 2012 decreased	13,012,199	-
Non-controlling interests as of 31 December 2012 decreased	11,469,865	-
Statement of comprehensive income for the year		
Income tax expense for the year ended 31 December 2012 increased	125,293,338	-
Basic earnings per share for the year ended 31 December 2012 decreased	0.0221	-

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and company financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss in the statement of comprehensive income.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss in the statement of comprehensive income, any exchange component of that gain or loss is recognised in profit and loss in the statement of comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

2.6 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.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.7 Investments in private funds

Investments in private funds comprise fixed deposits, government bonds and debt instruments which are classified as trading investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Trading investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are included in current assets.

The investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised as profit or loss in the 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 profit or loss in the statement of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.8 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.

2.9 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.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.10 Investments

Investments other than investments in subsidiaries are classified into the following two categories: (1) held-to-maturity investments; and (2) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
2. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

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 the 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 the profit or loss. When disposing of part of the Group's holding of a 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.

2.11 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 statements, investments in subsidiaries are accounted for at cost less impairment.

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 statement of comprehensive income.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.12 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 Group 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.

2.13 Intangible assets

2.13.1 Landing rights

Landing rights are stated at cost less any accumulated impairment losses. They are considered to have an indefinite useful life as they will remain available for use for the foreseeable future provided that minimum utilisation requirements are observed, and are tested for impairment annually and whenever there is an indicator of impairment.

2.13.2 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.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.14 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisition of subsidiary is reported in the consolidated statement of financial position as goodwill and is reported in the company statement of financial position as part of the investment in a subsidiary. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested for impairment as part of the overall investment in a subsidiary.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.15 Leases - where the Group is the lessees

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 are 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.

2.16 Employee benefits

2.16.1 Provident fund

The Group 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 Group. The Group 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 Group's contributions to the provident fund are charged to statement of comprehensive income in the year to which they relate.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.16 Employee benefits (Cont'd)

2.16.2 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.

2.17 Share-based payment

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Group. 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 Group 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, with a corresponding adjustment to equity.

With respect to the grant by the company of shares over its equity instruments to the employees of subsidiary, the fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period.

2.18 Provisions

Provisions, which exclude the provision relating to employee benefits, are recognised when the Group have 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 Group expect a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

Notes to the Consolidated and Company Financial Statements

2 Accounting policies (Cont'd)

2.19 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

2.20 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 Group.

Other income is recognised on an accrual basis.

3 Financial risk management

3.1 Financial risk factors

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

Fuel price risk

The Group 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 Group (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 amounts due to related parties and finance lease liabilities.

The Group is exposed to foreign exchange risk arising from currency exposures mainly in respect of US Dollars. The Group 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 Group uses forward foreign exchange contract to hedge its exposure to foreign currency risk for fixed deposit (Note 3.2).

Notes to the Consolidated and Company Financial Statements

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

Interest rate risk

The Group'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 Group'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 Group 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 Group 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 Group 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 Group from the risk of movements in fuel price. The Group 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 Group based on proportion of fuel consumption on a monthly basis. The Group recorded these transactions in statement of comprehensive income as a component of operating costs when they incur.

Forward foreign exchange contracts

The Group entered into a forward foreign exchange contract with a local financial institution in order to hedge the foreign exchange risk relating to fixed deposits. As at 31 December 2013, the outstanding contracts due for the settlement date is 10 March 2014 and 30 June 2014 (31 December 2012: 7 March 2013) is as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
The amount to be received				
US Dollars 15.16 million at rate Baht 31.54 per US Dollars 1	-	478,047,477	-	-
US Dollars 15.14 million at rate Baht 32.49 per US Dollars 1	491,715,277	-	-	-
US Dollars 20.23 million at rate Baht 32.90 per US Dollars 1	665,694,448	-	-	-

Notes to the Consolidated and Company Financial Statements

3 Financial risk management (Cont'd)

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 Group'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:

	Consolidated		Company	
	2013 US Dollars	2012 US Dollars	2013 US Dollars	2012 US Dollars
Favourable fuel price swap agreements	309,928	-	-	-

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

Forward foreign exchange contracts

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Favourable (Unfavourable) forward foreign exchange contracts	(9,893,762)	11,966,622	-	-

The fair value of the forward foreign exchange contracts has been calculated (using rates quoted by the counterparty to the contracts) as if the contract was terminated at the statement 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 Group 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 Group 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 2.12, would increase the recorded depreciation charge and decrease the carrying amount of aircraft.

Notes to the Consolidated and Company Financial Statements

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6 Restatement

During the first quarter of 2013, the Company completely measured the fair value of identifiable assets acquired and liabilities assumed of Thai AirAsia Company Limited to comply with the measurement period for a business combination referred in TFRS 3 (Revised 2009) "Business combinations" that the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date and the measurement period shall not exceed one year from the acquisition date.

The effect to the consolidated statement of financial position as at 31 December 2012 was presented as follows:

	Consolidated Baht
Statement of financial position	
Inventories increased	21,242,705
Long-term investment increased	1,459,000
Leasehold improvements and equipment, net increased	151,889,352
Intangible assets, net increased	1,034,728
Goodwill increased	1,409,709,389
Deferred tax liabilities, net increased	3,006,325,157
Non-controlling interests decreased	1,385,902,017
Retained earnings decreased	35,087,966

The effect to the consolidated statement of comprehensive income for the year ended 31 December 2012 was presented as follows:

	Consolidated Baht
Statement of comprehensive income	
Operating costs increased	26,606,795
Gain on fair value of previously held equity interests decreased	13,356,428
Administrative expenses increased	23,861,000
Income taxes expenses decreased	10,093,560
Basic earnings per share decreased	0.0077

Notes to the Consolidated and Company Financial Statements

7 Segment information

Financial information by business segments

	2013			
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Total Baht
Revenues	22,514,025,294	971,017,242	-	23,485,042,536
Profit from operation	1,816,133,850	28,734,849	(11,792,650)	1,833,076,049
Unallocated costs				(32,055,556)
Net gain on exchange rates				258,151,066
Other income				670,649,775
Finance costs				(170,971,996)
Profit before income tax expense				2,558,849,338
Income tax expense				(651,177,101)
Net profit for the year				1,907,672,237
Consolidated total assets				44,935,279,390

	2012			
	Scheduled flight operations Baht	Charter flight operations Baht	Other business Baht	Total Baht
Revenues	15,515,764,831	587,185,943	-	16,102,950,774
Profit from operation	1,230,134,860	26,726,316	(6,396,660)	1,250,464,516
Unallocated costs				(50,467,795)
Net gain on exchange rates				65,156,572
Gain on fair value of previously held equity interests				14,676,608,801
Other income				387,967,574
Finance costs				(17,421,153)
Profit before income tax expense				16,312,308,515
Income tax expense				(435,503,879)
Net profit for the year				15,876,804,636
Consolidated total assets				34,609,368,848

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

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

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

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

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

Notes to the Consolidated and Company Financial Statements

8 Cash and cash equivalents

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Cash on hand	30,199,508	12,419,294	-	-
Deposits held at call with banks	1,656,852,884	2,340,419,702	2,082,971	5,051,471
Short-term bank deposits and bill of exchange with maturity of three months or less	271,585,000	1,500,000,000	-	-
Total cash and cash equivalents	1,958,637,392	3,852,838,996	2,082,971	5,051,471

The interest rate of deposits held at call with banks was 1.24% per annum (2012: 0.51% per annum).

As at 31 December 2013, interest rate of short-term bank deposits and bill of exchange with maturity of three months or less was 4.25 - 5.00% per annum (2012: 2.75% per annum).

9 Short-term investments

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Fixed deposits and bill of exchange	3,448,628,170	2,295,900,960	-	-

The average interest rate of fixed deposits and bill of exchange was 2.00% - 3.50% per annum (2012: 2.75% - 4.00% per annum).

10 Investments in private funds

During the year, Thai AirAsia Company Limited, a subsidiary, engaged two local independent asset management companies to manage private funds for the propose of the Group's cash balance management. As at 31 December 2013, the Group had securities of investments in private funds as follows:

	Consolidated	Company
	Fair value Baht	Fair value Baht
Fixed deposits	214,971,212	-
Government bonds	147,311,470	-
Debt instruments	670,268,500	-
Total investments in private funds	1,032,551,182	-

The movement of investments in private funds is as follows:

	Consolidated	Company
	Fair value Baht	Fair value Baht
For the year ended 31 December 2013		
Opening net book amount	-	-
Additions	2,398,424,325	-
Disposals	(1,398,424,325)	-
Fair value adjustment	32,551,182	-
Closing net book amount	1,032,551,182	-

Notes to the Consolidated and Company Financial Statements

11 Trade and other receivables, net

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Trade accounts receivable	317,179,582	264,022,927	-	-
<u>Less</u> Allowance for doubtful account	(2,220,250)	-	-	-
Trade accounts receivable, net	314,959,332	264,022,927	-	-
Accrued income	392,443,008	95,410,129	-	-
Other accounts receivable	16,102,346	19,344,409	-	-
Total trade and other receivables, net	723,504,686	378,777,465	-	-

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Up to 3 months	269,321,178	227,256,126	-	-
3 - 6 months	3,902,087	6,627,750	-	-
6 - 12 months	34,573,329	16,442,335	-	-
Over 12 months	9,382,988	13,696,716	-	-
<u>Less</u> Allowance for doubtful account	(2,220,250)	-	-	-
Total trade accounts receivable, net	314,959,332	264,022,927	-	-

12 Long-term investments

	Consolidated	
	2013 Baht	2012 Baht
Opening book amount	10,228,300	6,929,500
Adjustment of net fair value of assets from investment in a subsidiary (Note 6)	-	1,459,000
Additions	1,301,779,300	1,839,800
Closing book amount	1,312,007,600	10,228,300

As at 31 December 2013, long-term investments comprise:

	Consolidated		
	Held to maturity investment Baht	General investment Baht	Total Baht
Fixed deposits	1,301,595,000	-	1,301,595,000
Equity securities	-	10,412,600	10,412,600
Total long-term investments	1,301,595,000	10,412,600	1,312,007,600

Notes to the Consolidated and Company Financial Statements

12 Long-term investments (Cont'd)

As at 31 December 2013, maturity of fixed deposits is as follows:

	Consolidated Mature within 2-5 years Baht
Held-to-maturity investment	1,301,595,000

The average interest rate of fixed deposits was 3.50% - 4.13% per annum (2012: nil).

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

13 Investment in a subsidiary

Details of investment in a subsidiary are as follows:

					Company Cost method	
		Total number of holding shares	Par value Baht per share	% of shareholding Percent	2013 Baht	2012 Baht
Thai AirAsia Company Limited	providing a low-fare airline services	23,955,553	10	55.00	3,067,114,370	3,067,114,370
					3,067,114,370	3,067,114,370

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 was increased from 51% to 55% from that date.

The investments in a subsidiary are unchanged from 2013.

14 Aircraft, leasehold improvements and equipment, net

	Consolidated									
	Leasehold improvements	Computers	Furniture, fixtures and office equipment	Operating equipment	Motor vehicles	Aircraft	Aircraft spare parts	Assets under installation	Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2012 (Proportionate)										
Cost	17,125,648	34,160,575	10,623,370	44,752,425	40,714,208	-	274,893,829	2,421,996	424,692,051	
Less Accumulated depreciation	(12,367,725)	(24,330,635)	(8,578,580)	(34,800,109)	(21,540,235)	-	(168,576,602)	-	(270,193,886)	
Net book amount	4,757,923	9,829,940	2,044,790	9,952,316	19,173,973	-	106,317,227	2,421,996	154,498,165	
For the year ended 31 December 2012										
Opening net book amount	4,757,923	9,829,940	2,044,790	9,952,316	19,173,973	-	106,317,227	2,421,996	154,498,165	
Increase from gaining control in a subsidiary	8,221,208	17,598,299	3,733,715	18,169,121	32,843,648	-	289,933,946	13,630,845	384,130,782	
Decrease from changing from investment in a joint venture to a subsidiary	(4,192,814)	(8,975,129)	(1,904,194)	(9,266,249)	(16,750,255)	-	(147,866,261)	(6,951,729)	(195,906,631)	
Adjustments	11,218,092	3,186,101	2,659,963	42,189,967	30,971,952	-	111,917,656	-	202,143,731	
Additions	6,284,843	9,100,119	635,613	35,482,358	-	2,513,860,588	78,078,003	29,411,877	2,672,853,401	
Disposals, net	(596,498)	(77,530)	(32,864)	(1)	(3)	-	(212,337)	-	(919,233)	
Transfers	14,043,096	-	2,630,798	439,441	-	-	-	(17,113,335)	-	
Depreciation charge - as previously reported	(3,892,647)	(6,172,403)	(1,576,083)	(9,345,987)	(11,374,584)	(28,273,639)	(30,469,974)	-	(91,105,317)	
Adjustments	(5,490,269)	(619,583)	(862,447)	(18,668,418)	(16,673,398)	-	(7,940,264)	-	(50,254,379)	
Depreciation charge - as restated	(9,382,916)	(6,791,986)	(2,438,530)	(28,014,405)	(28,047,982)	(28,273,639)	(38,410,238)	-	(141,359,696)	
Closing net book amount	30,352,934	23,869,814	7,329,291	68,952,548	38,191,333	2,485,586,949	399,757,996	21,399,654	3,075,440,519	
At 31 December 2012										
Cost - as previously reported	51,586,988	74,335,459	23,770,804	124,539,416	79,308,485	2,513,860,588	661,691,262	21,399,654	3,550,492,656	
Adjustments	11,218,092	3,186,101	2,659,963	42,189,967	30,971,952	-	111,917,656	-	202,143,731	
Cost - as restated	62,805,080	77,521,560	26,430,767	166,729,383	110,280,437	2,513,860,588	773,608,918	21,399,654	3,752,636,387	
Less Accumulated depreciation - as previously reported	(26,961,877)	(53,032,163)	(18,239,029)	(79,108,417)	(55,415,706)	(28,273,639)	(365,910,658)	-	(626,941,489)	
Adjustments	(5,490,269)	(619,583)	(862,447)	(18,668,418)	(16,673,398)	-	(7,940,264)	-	(50,254,379)	
Less Accumulated depreciation - as restated	(32,452,146)	(53,651,746)	(19,101,476)	(97,776,835)	(72,089,104)	(28,273,639)	(373,850,922)	-	(677,195,868)	
Net book amount	30,352,934	23,869,814	7,329,291	68,952,548	38,191,333	2,485,586,949	399,757,996	21,399,654	3,075,440,519	

Notes to the Consolidated and Company Financial Statements

14 Aircraft, leasehold improvements and equipment, net (Cont'd)

	Consolidated							Total Baht
	Leasehold improvements Baht	Computers Baht	Furniture, fixtures and office equipment Baht	Operating equipment Baht	Motor vehicles Baht	Aircraft Baht	Aircraft spare parts Baht	
At 1 January 2013								
Cost - as previously reported	51,586,988	74,335,459	23,770,804	124,539,416	79,308,485	2,513,860,588	661,691,262	21,399,654
Adjustments	11,218,092	3,186,101	2,659,963	42,189,967	30,971,952	-	111,917,656	-
Cost - as restated	62,805,080	77,521,560	26,430,767	166,729,383	110,280,437	2,513,860,588	773,608,918	21,399,654
Less Accumulated depreciation - as previously reported	(26,961,877)	(53,032,163)	(18,239,029)	(79,108,417)	(55,415,706)	(28,273,639)	(365,910,658)	-
Adjustments	(5,490,269)	(619,583)	(862,447)	(18,668,418)	(16,673,398)	-	(7,940,264)	-
Less Accumulated depreciation - as restated	(32,452,146)	(53,651,746)	(19,101,476)	(97,776,835)	(72,089,104)	(28,273,639)	(373,850,922)	-
Net book amount	30,352,934	23,869,814	7,329,291	68,952,548	38,191,333	2,485,586,949	399,757,996	21,399,654
For the year ended 31 December 2013								
Opening net book amount	30,352,934	23,869,814	7,329,291	68,952,548	38,191,333	2,485,586,949	399,757,996	21,399,654
Additions	18,740,211	8,039,196	4,949,828	15,781,772	-	8,007,395,386	176,242,182	58,843,283
Disposals, net	-	(13,146)	(1,652)	(29)	(2)	-	(6,287,888)	-
Write-offs, net	(1,474,248)	-	-	-	-	-	-	-
Transfers	37,260,624	-	14,306,781	4,643,485	(9)	-	(277,918)	(55,932,963)
Depreciation charge	(12,152,611)	(8,314,882)	(3,500,433)	(24,085,847)	(18,218,272)	(274,091,437)	(61,267,571)	-
Closing net book amount	72,726,910	23,580,982	23,083,815	65,291,929	19,973,050	10,218,890,898	508,166,801	24,309,974
At 31 December 2013								
Cost	108,542,731	84,947,557	45,573,468	185,590,260	109,401,710	10,521,255,973	939,758,806	24,309,974
Less Accumulated depreciation	(35,815,821)	(61,366,575)	(22,489,653)	(120,298,331)	(89,428,660)	(302,365,075)	(431,592,005)	-
Net book amount	72,726,910	23,580,982	23,083,815	65,291,929	19,973,050	10,218,890,898	508,166,801	24,309,974

The leased assets included above, where the Group is a lessee under finance lease agreements, comprise aircraft and motor vehicles, total cost of which is Baht 10,538.13 million and total accumulated depreciation of Baht 307.89 million (2012: total cost of Baht 2,530.73 million and total accumulated depreciation of Baht 33.80 million).

As at 31 December 2013, the gross carrying amount of fully depreciated leasehold improvements and equipment that were still in use totalling gross amount of Baht 170.82 million (2012: Baht 142.36 million).

Notes to the Consolidated and Company Financial Statements

14 Aircraft, leasehold improvements and equipment, net (Cont'd)

	<u>Company</u> <u>Office</u> <u>equipment</u> <u>Baht</u>
At 1 January 2012	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(38,681)</u>
Net book amount	<u>2,006</u>
For the year ended 31 December 2012	
Opening net book amount	2,006
Depreciation charge	<u>(1,982)</u>
Closing net book amount	<u>24</u>
At 31 December 2012	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>
For the year ended 31 December 2013	
Opening net book amount	24
Depreciation charge	-
Closing net book amount	<u>24</u>
At 31 December 2013	
Cost	40,687
<u>Less</u> Accumulated depreciation	<u>(40,663)</u>
Net book amount	<u>24</u>

Notes to the Consolidated and Company Financial Statements

15 Intangible assets, net

	Consolidated			
	Landing rights Baht	Computer software Baht	Computer software under installation Baht	Total Baht
At 1 January 2012 (Proportionate)				
Cost	-	15,769,674	1,390,629	17,160,303
<u>Less</u> Accumulated amortisation	-	(9,886,238)	-	(9,886,238)
Net book amount	-	5,883,436	1,390,629	7,274,065
For the year ended 31 December 2012				
Opening net book amount	-	5,883,436	1,390,629	7,274,065
Increase from gaining control in a subsidiary	14,856,000,000	10,754,658	2,499,724	14,869,254,382
Decrease from changing from investment in a joint venture to a subsidiary	-	(5,484,874)	(1,274,859)	(6,759,733)
Adjustments	-	1,248,143	-	1,248,143
Additions	-	1,408,532	115,770	1,524,302
Transfers	-	1,317,649	(1,317,649)	-
Amortisation charge - as previously reported	-	(3,482,680)	-	(3,482,680)
Adjustments	-	(213,415)	-	(213,415)
Amortisation charge - as restated	-	(3,696,095)	-	(3,696,095)
Closing net book amount	14,856,000,000	11,431,449	1,413,615	14,868,845,064
At 31 December 2012				
Cost - as previously reported	14,856,000,000	33,912,412	1,413,615	14,891,326,027
Adjustments	-	1,248,143	-	1,248,143
Cost - as restated	14,856,000,000	35,160,555	1,413,615	14,892,574,170
<u>Less</u> Accumulated amortisation - as previously reported	-	(23,515,691)	-	(23,515,691)
Adjustments	-	(213,415)	-	(213,415)
<u>Less</u> Accumulated amortisation - as restated	-	(23,729,106)	-	(23,729,106)
Net book amount	14,856,000,000	11,431,449	1,413,615	14,868,845,064

Notes to the Consolidated and Company Financial Statements

15 Intangible assets, net (Cont'd)

	Consolidated			Total Baht
	Landing rights Baht	Computer software Baht	Computer software under installation Baht	
At 31 December 2012				
Cost - as previously reported	14,856,000,000	33,912,412	1,413,615	14,891,326,027
Adjustments	-	1,248,143	-	1,248,143
Cost - as restated	14,856,000,000	35,160,555	1,413,615	14,892,574,170
<u>Less</u> Accumulated amortisation - as previously reported	-	(23,515,691)	-	(23,515,691)
Adjustments	-	(213,415)	-	(213,415)
<u>Less</u> Accumulated amortisation - as restated	-	(23,729,106)	-	(23,729,106)
Net book amount	<u>14,856,000,000</u>	<u>11,431,449</u>	<u>1,413,615</u>	<u>14,868,845,064</u>
For the year ended 31 December 2013				
Opening net book amount	14,856,000,000	11,431,449	1,413,615	14,868,845,064
Additions	-	920,791	3,662,147	4,582,938
Transfers	-	1,776,824	(1,776,824)	-
Amortisation charge	-	(4,691,165)	-	(4,691,165)
Closing net book amount	<u>14,856,000,000</u>	<u>9,437,899</u>	<u>3,298,938</u>	<u>14,868,736,837</u>
At 31 December 2013				
Cost	14,856,000,000	37,858,170	3,298,938	14,897,157,108
<u>Less</u> Accumulated amortisation	-	(28,420,271)	-	(28,420,271)
Net book amount	<u>14,856,000,000</u>	<u>9,437,899</u>	<u>3,298,938</u>	<u>14,868,736,837</u>

Landing rights is tested for impairment together with the impairment of goodwill as shown in Note 16.

Notes to the Consolidated and Company Financial Statements

15 Intangible assets, net (Cont'd)

	Company Computer software Baht
At 1 January 2012	
Cost	6,420
<u>Less</u> Accumulated amortisation	(5,368)
Net book amount	1,052
For the year ended 31 December 2012	
Opening net book amount	1,052
Amortisation charge	(1,051)
Closing net book amount	1
At 31 December 2012	
Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	1
For the year ended 31 December 2013	
Opening net book amount	1
Amortisation charge	-
Closing net book amount	1
At 31 December 2013	
Cost	6,420
<u>Less</u> Accumulated amortisation	(6,419)
Net book amount	1

Notes to the Consolidated and Company Financial Statements

16 Goodwill

On 4 May 2012, the Company had gained controls over Thai AirAsia Company Limited according to an “Amended and Restated Shareholders’ Agreement” and the Company completely measured the fair value of identifiable assets acquired and liabilities assumed of Thai AirAsia Company Limited during the first quarter of 2013. In consideration of fair value of assets, the Company determined the measurement of the identifiable assets and liabilities and considered the possibility that the Company received economic benefit reasonably. The impact is as follows:

	4 May 2012		
	As previously reported Baht	Adjustments Baht	Fair value Baht
Fair value of previously held equity interests in Thai AirAsia Company Limited	15,170,005,205	-	15,170,005,205
	15,170,005,205	-	15,170,005,205
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	1,276,117,328	-	1,276,117,328
Short-term investments	1,085,425,460	-	1,085,425,460
Trade and other receivables and amounts due from related parties	321,162,427	-	321,162,427
Inventories and other current assets	392,801,737	21,242,705	414,044,442
Cash at financial institutions pledged as security	182,635,426	-	182,635,426
General investment	6,929,500	1,459,000	8,388,500
Leasehold improvements and equipment, net	384,130,782	202,143,731	586,274,513
Landing rights	14,856,000,000	-	14,856,000,000
Intangible assets, net	13,254,382	1,248,143	14,502,525
Deferred tax assets	-	26,189,081	26,189,081
Other non-current assets	567,198,126	-	567,198,126
Trade accounts payable and amounts due to related parties	(465,914,117)	-	(465,914,117)
Deferred revenues	(2,659,376,219)	-	(2,659,376,219)
Accrued expenses and other current liabilities	(654,345,317)	-	(654,345,317)
Finance lease liabilities	(12,001,255)	-	(12,001,255)
Deferred tax liabilities	-	(3,016,418,716)	(3,016,418,716)
Employee benefit obligations	(88,353,964)	-	(88,353,964)
Identifiable net assets acquired	15,205,664,296	(2,764,136,056)	12,441,528,240
Non-controlling interests	(7,450,775,505)	1,354,426,667	(6,096,348,838)
Goodwill	7,415,116,414	1,409,709,389	8,824,825,803
	15,170,005,205	-	15,170,005,205

The goodwill amount of Baht 8,824.83 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.

Notes to the Consolidated and Company Financial Statements

16 Goodwill (Cont'd)

The Group recognised a gain of Baht 14,676.61 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 year ended 31 December 2013.

The key assumptions used for value-in-used calculation are as follows:

Growth rate ¹	3.00%
Discount rate ²	12.26%

¹ Weighted average growth rate used to extrapolate cash flow beyond the budget period.

² Pre-tax discount rate, determined from the Company weighted average cost of capital (WACC), is applied to the cash flow projection.

17 Other non-current assets

	Note	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Aircraft rental deposits	27.8	605,152,224	543,255,174	-	-
Airport operation deposit		34,600,000	-	-	-
Fuel price swap deposit	27.8	16,338,900	15,242,850	-	-
Rental deposit		40,443,020	27,630,491	-	-
Prepaid expenses		24,086,098	45,756,287	-	-
Other deposits		97,027,398	41,396,205	-	-
Total other non-current assets		817,647,640	673,281,007	-	-

18 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Within 1 year	840,034,332	207,619,284	-	-
Later than 1 year but not later than 5 years	3,733,718,639	790,765,579	-	-
Later than 5 years	5,006,647,324	1,388,409,709	-	-
<u>Less</u> Future finance charges on finance leases	(1,419,561,602)	(466,539,278)	-	-
	8,160,838,693	1,920,255,294	-	-
Representing lease liabilities:				
- Current portion	615,065,684	137,142,871	-	-
- Non-current portion	7,545,773,009	1,783,112,423	-	-
	8,160,838,693	1,920,255,294	-	-

Notes to the Consolidated and Company Financial Statements

18 Finance lease liabilities (Cont'd)

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Within 1 year	825,903,954	203,310,715	-	-
Later than 1 year but not later than 5 years	3,417,297,611	704,624,080	-	-
Later than 5 years	3,917,637,128	1,012,320,499	-	-
	<u>8,160,838,693</u>	<u>1,920,255,294</u>	<u>-</u>	<u>-</u>

During the year, the Group entered into Aircraft Finance Lease Agreements with lessors and accepted the delivery of aircraft on the same date. Each agreement has period of 12 years. According to conditions of the agreements, the Group must comply with financial and operational covenants. The Group has purchase options of the aircraft from the lessors at the end of the lease term.

19 Deferred income taxes

The analysis of deferred tax assets and deferred tax liability is as follows:

	Consolidated	
	2013 Baht	2012 Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	-	110,862
Deferred tax assets to be recovered after more than 12 months	809,835,441	269,572,653
	<u>809,835,441</u>	<u>269,683,515</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	(4,660,421)	(12,473,752)
Deferred tax liabilities to be settled after more than 12 months	(4,114,836,799)	(3,291,351,437)
	<u>(4,119,497,220)</u>	<u>(3,303,825,189)</u>
Deferred tax liabilities, net	<u>(3,309,661,779)</u>	<u>(3,034,141,674)</u>

The gross movement and the deferred income tax account is as follows:

	Consolidated	
	2013 Baht	2012 Baht
At 1 January	(3,034,141,674)	87,127,663
Increase from business combination	-	(3,016,418,716)
Increase from gaining control in a subsidiary	-	12,832,653
Credited to profit or loss	(275,668,664)	(115,199,778)
Charged (credited) to other comprehensive income	(3,185,894)	850,957
Tax charged (credited) directly to equity	3,334,453	(3,334,453)
At 31 December	<u>(3,309,661,779)</u>	<u>(3,034,141,674)</u>

Notes to the Consolidated and Company Financial Statements

19 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows:

	Consolidated				
	Tax loss Baht	Retirement benefit Baht	Depreciation Baht	Finance lease Baht	Total Baht
Deferred tax assets					
At 1 January 2013	-	22,219,821	110,862	247,352,832	269,683,515
Charged (credited) to profit or loss	-	6,635,910	(110,862)	536,812,772	543,337,820
Credited to other comprehensive income	-	(3,185,894)	-	-	(3,185,894)
At 31 December 2013	-	25,669,837	-	784,165,604	809,835,441
At 1 January 2012	77,489,865	8,440,731	1,197,067	-	87,127,663
Increase from business combination	4,050,301	8,649,667	132,686	-	12,832,654
Charged (credited) to profit or loss	(81,540,166)	4,278,466	(1,218,891)	247,352,832	168,872,241
Charged to other comprehensive income	-	850,957	-	-	850,957
At 31 December 2012	-	22,219,821	110,862	247,352,832	269,683,515

	Consolidated			
	Gain on fair value of previously held equity interests Baht	Share-based payment Baht	Finance lease Baht	Total Baht
Deferred tax liabilities				
At 1 January 2013	(3,006,325,157)	(6,062,641)	(291,437,391)	(3,303,825,189)
Charged (credited) to profit or loss	6,411,113	2,728,188	(828,145,785)	(819,006,484)
Charged directly to equity	-	3,334,453	-	3,334,453
At 31 December 2013	(2,999,914,044)	-	(1,119,583,176)	(4,119,497,220)
At 1 January 2012				
Increase from business combination (Note 16)	(3,016,418,716)	-	-	(3,016,418,716)
Charged (credited) to profit or loss	10,093,559	(2,728,188)	(291,437,391)	(284,072,020)
Credited directly to equity	-	(3,334,453)	-	(3,334,453)
At 31 December 2012	(3,006,325,157)	(6,062,641)	(291,437,391)	(3,303,825,189)

Notes to the Consolidated and Company Financial Statements

20 Income tax expense

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Current tax:				
Current tax on profit for the year	375,508,436	320,304,101	-	-
Total current tax	375,508,436	320,304,101	-	-
Deferred tax:				
Origination and reversal of temporary differences	275,668,665	115,199,778	-	-
Total deferred tax	275,668,665	115,199,778	-	-
Total income tax expense	651,177,101	435,503,879	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:

	Consolidated	
	2013 Baht	2012 Baht
Profit before income tax expense	2,558,849,338	16,312,308,515
Tax calculated at a tax rate of 20% (2012 - 23%)	511,769,868	3,751,830,958
Tax effect of:		
Profit exempted from corporate income tax due to promotional privilege from BOI	(145,637,363)	(3,390,057,916)
Expenses not deductible for tax purpose	1,171,052	1,152,069
Difference in finance lease under promotional privilege period	286,181,107	43,178,950
Adjustment in respect of prior year	(7,087,731)	-
Re-measurement of deferred tax - change in tax rate	-	(252,421)
Adjustment for non-adjusted corporate income tax	(757,800)	-
Share-base directly charged to equity	3,334,453	(3,334,453)
Effect from changing from investment in a joint venture to a subsidiary	-	31,574,338
Tax losses which no deferred income tax asset was recognised	2,203,515	1,412,354
Tax charge	651,177,101	435,503,879

The weighted average applicable tax rate was 25.45% (2012: 2.67%). The increase is caused by a change in corporate income tax rate announced by the Government.

Notes to the Consolidated and Company Financial Statements

20 Income tax expenses (Cont'd)

The tax (charged) credited relating to component of other comprehensive income is as follows:

	Consolidated					
	2013			2012		
	Before tax Baht	Tax charge Baht	After tax Baht	Before tax Baht	Tax credit Baht	After tax Baht
Actuarial gain (loss) on retirement benefit obligations	15,929,471	(3,185,894)	12,743,577	(4,254,785)	850,957	(3,403,828)
Other comprehensive Income (expense)	15,929,471	(3,185,894)	12,743,577	(4,254,785)	850,957	(3,403,828)
Current tax		-			-	
Deferred tax		(3,185,894)			850,957	
		<u>(3,185,894)</u>			<u>850,957</u>	

The tax (charged) credited directly to equity during the year is as follows:

	Consolidated	
	2013 Baht	2012 Baht
Current tax		
Share option scheme	3,334,453	-
Deferred tax		
Share option scheme	-	(3,334,453)
	<u>3,334,453</u>	<u>(3,334,353)</u>

21 Employee benefit obligations

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Statement of financial position				
Retirement benefits	132,997,460	111,846,384	-	-
Statement of comprehensive income				
Retirement benefits	38,428,899	22,094,489	-	-
Actuarial (gain) loss recognised in the statement of comprehensive income	(15,929,471)	4,254,785	-	-
Cumulative actuarial (gain) loss recognised in the statement of comprehensive income	(11,674,686)	4,254,785	-	-

Notes to the Consolidated and Company Financial Statements

21 Employee benefit obligations (Cont'd)

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Opening book amount	111,846,384	42,203,653	-	-
Increase from gaining control in a subsidiary	-	88,353,964	-	-
Decrease from changing from investment in a joint venture to a subsidiary	-	(45,060,507)	-	-
Current service costs	33,642,699	19,019,392	-	-
Interest costs	4,786,200	3,075,097	-	-
Actuarial (gain) loss	(15,929,471)	4,254,785	-	-
Benefit paid	(1,348,352)	-	-	-
Closing book amount	132,997,460	111,846,384	-	-

The amounts recognised in the statement of comprehensive income are as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Current service costs	33,642,699	19,019,392	-	-
Interest costs	4,786,200	3,075,097	-	-
Total, included in staff costs	38,428,899	22,094,489	-	-

The principal actuarial assumptions used were as follows:

		Consolidated		Company	
		2013	2012	2013	2012
Discount rate	% per annum	4.18	3.98	-	-
Future salary increase rate	% per annum	5.59 - 10.00	5.34 - 10.00	-	-
Resignation rate	% per annum	0.00 - 11.00	0.00 - 11.00	-	-

22 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 in which the completion of service by the employees is required 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 year ended 31 December 2013, the Group recognised the expenses related to equity-settled share-based payments in the statement of comprehensive income totalling Baht 33.71 million. (2012: Baht 53.94 million)

Notes to the Consolidated and Company Financial Statements

22 Share-based payment (Cont'd)

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

	Consolidated		Company	
	Average share price Baht per share	Shares	Average share price Baht per share	Shares
At 1 January 2012	-	-	-	-
Granted	3.70	23,690,000	-	-
Forfeited	3.70	(958,000)	-	-
At 31 December 2012	3.70	22,732,000	-	-
At 1 January 2013	3.70	22,732,000	-	-
Forfeited	3.70	(167,700)	-	-
Exercised	3.70	(22,564,300)	-	-
At 31 December 2013	-	-	-	-

23 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	0.10	4,850,000,000	4,100,000,000	410,000,000	-	410,000,000
Issue of shares	0.10	-	750,000,000	75,000,000	2,599,808,274	2,674,808,274
At 31 December 2012	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274
Issue of shares	-	-	-	-	-	-
At 31 December 2013	0.10	4,850,000,000	4,850,000,000	485,000,000	2,599,808,274	3,084,808,274

At the Extraordinary Shareholders' Meeting held on 26 December 2011, there were matters approved by the shareholders as follows:

- An alteration of par value from Baht 10 per share to Baht 0.10 per share. Therefore, the number of the Company's shares was increased from 41 million shares to 4,100 million shares. The Company registered the alteration of par value with the Ministry of Commerce on 26 December 2011.
- An increase in the authorised share capital of the Company from 4,100 million shares to 4,850 million shares by issuing additional ordinary shares of 750 million shares with a par value of Baht 0.10 each. The Company registered the increase in the additional shares with the Ministry of Commerce on 26 December 2011.
- The allocation of new additional ordinary shares of no greater than 750 million shares with a par value of Baht 0.10 per share for the Initial Public Offering.

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 71.46 million, respectively.

Notes to the Consolidated and Company Financial Statements

24 Revenues

Revenues from sales and services are as follows:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Passenger revenues	17,403,345,544	12,328,167,533	-	-
Baggage handling and other service fees	4,703,474,581	2,894,900,946	-	-
Charter flight revenues	971,017,242	587,185,943	-	-
In-flight revenues	225,029,896	161,682,474	-	-
Freight revenues	182,175,273	131,013,878	-	-
Total revenues	23,485,042,536	16,102,950,774	-	-

25 Expense by nature

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

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Depreciation and amortisation	14,15	406,322,218	145,055,791	-	3,033
Staff costs		2,480,510,804	1,570,160,433	-	-
Fuel costs		9,386,304,462	6,609,079,683	-	-
Aircraft rental	27.2	3,278,934,900	2,624,466,685	-	-
Repair and maintenance		1,953,501,169	1,246,315,698	-	-
Ramp and airport operating costs		1,605,399,932	1,210,432,821	-	-

26 Earnings (loss) per share

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

	Consolidated		Company	
	2013	2012	2013	2012
Net profit (loss) attributable to shareholders of the parent (Baht)	1,042,761,319	15,512,876,448	(11,017,574)	(6,140,671)
Weighted average number of paid-up ordinary shares outstanding (Shares)	4,850,000,000	4,544,672,131	4,850,000,000	4,544,672,131
Basic earnings (loss) per share (Baht)	0.2150	3.4134	(0.0023)	(0.0014)

The Group does not have diluted ordinary shares as at 31 December 2013 and 2012.

Notes to the Consolidated and Company Financial Statements

27 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.

The major shareholder of the Company is management of the Company. The remaining is widely held.

For reporting purposes, AirAsia Berhad who held 45% of the shares of Thai Air Asia company limited, a subsidiary, and AirAsia Berhad's related parties are referred to as the other related parties.

The following significant transactions were carried out with related parties:

27.1) Income

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Interest income				
Other related parties	3,110,799	1,675,715	-	-

27.2) Purchases of goods and services and interest expenses

27.2.1) Other related parties

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Share of loss from fuel price swap agreements	43,827,989	45,727,901	-	-
Share of staff costs for accounting services	(37,965,492)	(22,786,691)	-	-
Aircraft rental	3,278,934,900	2,624,466,685	-	-
Aircraft repair and maintenance	1,476,958,962	1,064,199,267	-	-
Purchases of merchandises and equipment	215,282,972	137,097,940	-	-
Management fee expenses	14,879,892	12,544,196	-	-
Booking fee expenses	88,184,386	58,311,043	-	-
Pilot training expenses	96,546,247	50,250,601	-	-
Brand license fee	239,766,820	-	-	-

Notes to the Consolidated and Company Financial Statements

27 Related party transactions (Cont'd)

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

27.2) Purchases of goods and services and interest expenses

27.2.2) Subsidiary

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Interest expense	-	-	-	225,173

27.3) Management remunerations

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Salaries and other short-term employee benefits	66,889,457	55,750,392	3,640,000	3,500,000
Retirement benefits	5,667,787	13,667,017	-	-
	72,557,244	69,417,409	3,640,000	3,500,000

27.4) Passenger revenues and expenses received and paid on behalf

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Passenger revenues received on behalf of the Group by other related parties	3,121,840,757	2,198,912,696	-	-
Cash received on behalf of other related parties	566,547,738	372,281,874	-	-
Expenses paid on behalf of the Group by other related parties	480,215,716	299,747,223	-	5,550,252
Advance payments on behalf of other related parties	304,710,927	129,182,258	-	-

Notes to the Consolidated and Company Financial Statements

27 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:

27.5) Amounts due from related parties

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Other related parties	87,240,764	210,772,034	-	-

Amounts due from related parties have been charged with the interest for overdue amount at 6.00% per annum (2012: 6.00% per annum).

27.6) Amounts due to related parties

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Other related parties	506,830,215	427,725,470	-	-

Amounts due to related parties are mainly denominated in US Dollar and have been charged with interest for overdue amount at 6.00% per annum (2012: 6.00% per annum).

27.7) Advance from a director

As at 31 December 2013, the advance from a director amounting to Baht 8 million was provided interest-free and due for repayment at call. The advance was granted for the Group operating purpose.

27.8) Other non-current assets

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Aircraft rental deposits				
Other related party	605,152,224	543,255,174	-	-
Fuel price swap deposit				
Other related party	16,338,900	15,242,850	-	-

Notes to the Consolidated and Company Financial Statements

28 Commitments

Operating lease commitments

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

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Within 1 year	49,014,345	22,916,044	-	-
Later than 1 year but not later than 5 years	33,453,035	14,239,637	-	-
Total	82,467,380	37,155,681	-	-

As at 31 December 2013, 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 27 aircraft (As at 31 December 2012: 25 aircraft) and insurance agreements of the 35 aircraft (As at 31 December 2012: 27 aircraft) as follows:

	Consolidated			
	2013		2012	
	Rental US Dollars	Insurance agreement US Dollars	Rental US Dollars	Insurance agreement US Dollars
Within 1 year	111,480,000	893,590	104,040,000	834,791
Later than 1 year but not later than 5 years	445,920,000	-	416,160,000	-
Later than 5 years	362,093,589	-	415,725,041	-
Total	919,493,589	893,590	935,925,041	834,791

29 Guarantees

As at 31 December 2013, there was a commitment related to guarantees issued by bank in respect of pilot trainees' loans in accordance with its professional pilot courses amounting to Baht 34.75 million (as at 31 December 2012: nil). Normally, a guarantee is terminated when the pilot trainee earns a commercial pilot's license and is assigned as a co-pilot or when the pilot trainee settles all outstanding debts with the bank. However, the Group can fully reclaim the stated liabilities from the pilot trainees' guarantors, who have pledged guarantees with the Group.

Notes to the Consolidated and Company Financial Statements

30 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					
	2013			2012		
	Baht million	US Dollars million	India Rupee million	Baht million	US Dollars million	India Rupee million
Guarantees relating to flight operating activities	6.75	0.09	3.38	5.60	0.45	30.83
Guarantees relating to maintenance reserve fund	-	9.59	-	-	-	-
Total	6.75	9.68	3.38	5.60	0.45	30.83

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

	Consolidated			
	2013		2012	
	Baht million	India Rupee million	Baht million	India Rupee million
Fixed-deposit accounts	337.37	3.68	8.93	31.13

31 Promotional privileges

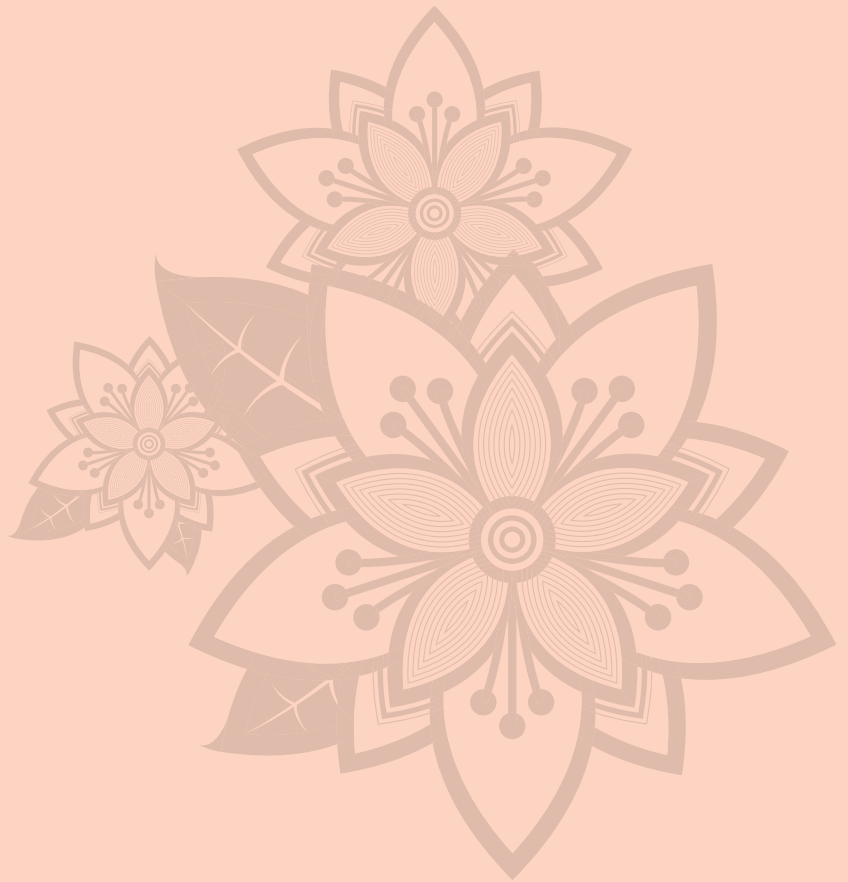
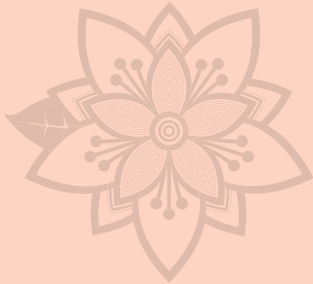
During 2012, Thai AirAsia Company Limited, its subsidiary, received eight certificates of promotional privileges from the Board of Investment (“BOI”) for the business of air transportation. The main privileges include exemption from payment of import duty on aircraft and related spare parts and exemption from corporate income tax for the promoted activities for a period of eight years from the date when income is first derived. To be entitled to the privileges, the Group must comply with the conditions and restrictions provides in the promotional certificates. The conditions require that the subsidiary’s authorized and paid-up share capital is not less than Baht 435.5 million.

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

During the year, a subsidiary accepted eight aircraft under such certificate of promotional privileges from the BOI.

32 Subsequent events

On 15 January 2014 and 8 February 2014, 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 the period of 12 years.





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Asia Aviation Public Company Limited (AAV)

Head Office : 222 Don Mueang International Airport,
3rd Floor, Central Office Building, Room No. 3200
Vibhavadi Rangsit Rd., Sanambin,
Don Mueang, Bangkok 10210

Telephone : 02-562-5700

Fax : 02-562-5705

www.aavplc.com

