

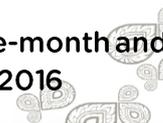
Executive Summary

Overview of the global economy during the third quarter of 2016 (Q3/2016) are as follows; the US economy expanded gradually, supported by the growth of domestic consumption due to the strong labour market. While Eurozone economy was recovering slowly and confronted with several risks including Greece's default risk, the non-performing loans in European bank and the post-Brexit referendum. Chinese economy had stabilised as an increase in government spending and expansion in real estate sector in the midst of a slowdown in exports. However, the China continued to encounter with debt problem after the credit growth from financial institutions rose rapidly. The average crude oil price in Q3/2016 was flatten from the second quarter of 2016 (Q2/2016) as the global crude oil production is still oversupply. Whereas the demand of crude oil in China, the leading of the world's oil importer, closed to the previous quarter due to flatten economic growth as the aforementioned which continued to pressure the global oil prices.

The Thai economy in Q3/2016 gradually recovered, driven by the growth of private consumption and exports sector. While the tourism industry was still being a key factor to stimulate Thai economy. During the quarter, tourism sector had a short term impact after the government has crackdown on the zero-dollar tour for Chinese tourists. This measure would sustain the growth of tourism in Thailand and regain the tourists' confidence who plan to travel to Thailand in the near term.

The number of international tourists to Thailand from July to September 2016 approximately amounted to 8.2 million, or increased by 13% over the same period last year. The majority of international tourists are from East Asia, particularly Chinese and ASEAN countries which grew by 15% and 14% respectively, followed by European countries at 12%. Similarly, other regions continued to grow compared with the same period last year. Hence, the number of passengers carried was 4.33 million, increased by 21% YoY, outstripped the 17% increase in capacity. During the quarter, TAA started operating 2 international routes comprising of Bangkok(Don Mueang) - Vientiane(Laos) which is the second destination in Laos and Hat Yai – Kuala Lumpur(Malaysia) and adding frequencies on Bangkok – Udon Thani to 3 flights daily. TAA ended the quarter with a fleet size of 49 aircraft.

For the third quarter of 2016, Asia Aviation Plc had a net income of Baht 396.6 million, up by Baht 305.0 million from the third quarter of 2015 which had a net income of Baht 91.6 million. These was resulted from the strong growth of passengers carried at 21% compared with the same period last year, while fuel cost decreased significantly as the aforementioned.



Financial Performance Summary

Asia Aviation Public Company Limited (“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%.

Asia Aviation Public Company Limited’s financial performance for the three-month and the nine-month period ended 30 September 2015 and 2016 has been summarised below:

Statement of Comprehensive Income

Asia Aviation Public Company Limited Unit: Baht million	Consolidated		Change	Consolidated		Change
	For the three-month period ended 30 September			For the nine-month period ended 30 September		
	2016	2015		2016	2015	
	Revenues	8,145.5		7,254.2	+12%	
Gross profit	1,201.5	900.1	+33%	4,886.9	3,321.9	+47%
Profit (loss) before finance costs and income tax	744.6	277.8	+168%	3,593.8	1,941.0	+85%
Net profit (loss)/ Total Comprehensive income (expense) for the period	723.1	168.2	+330%	3,322.2	1,460.4	+127%
Owners of the parent	396.6	91.6	+333%	1,828.2	804.0	+127%
Non-controlling interests	326.5	76.6	+326%	1,494.0	656.4	+128%
Earnings (loss) per share (Baht)	0.0818	0.0189	+333%	0.3770	0.1658	+127%

For the third quarter of 2016, Asia Aviation Plc had revenues of Baht 8,145.5 million, increased by Baht 891.3 million or 12% compared with the same period last year. Additionally, profit before finance costs and income tax amounted to Baht 744.6 million, increased by Baht 466.8 million or 168% compared with the same period last year. Thus, Net profit/ Total comprehensive income attributable to owners of the parent in Q3/2016 amounted to Baht 396.6 million, increased by Baht 305.0 million compared with the same period last year which was at Baht 91.6 million, having a net profit margin of 5% and basic earnings was at Baht 0.0818 per share.

For the nine-month period ended 30 September 2016 (9M2016), Asia Aviation Plc had revenues of Baht 24,853.8 million, increased by Baht 2,980.5 million or 14% compared with the same period last year. Moreover, profit before finance costs and income tax amounted to Baht 3,593.8 million, increased by Baht 1,652.8 million or 85% compared with the same period last year. Thus, Net profit/ Total comprehensive income attributable to owners of the parent in 9M2016 amounted to Baht 1,828.2 million, increased by Baht 1,024.2 million or 127% compared with the same period last year, having a net profit margin of 7% and basic earnings was at Baht 0.3770 per share.



Statement of Financial Position

Asia Aviation Public Company Limited Unit: Baht million	Consolidated		Change
	As at 30 September 2016	As at 31 December 2015	
Total assets	54,625.5	52,826.5	+3%
Total liabilities	23,220.1	24,743.3	-6%
Equity attributable to owners of the parent	21,970.6	20,142.4	+9%
Non-controlling interests	9,434.8	7,940.8	+19%
Total shareholders' equity	31,405.4	28,083.2	+12%

Assets

As at 30 September 2016, total assets amounted to Baht 54,625.5 million, increased by Baht 1,799.0 million or 3% compared with the year ended 31 December 2015 and the return on assets (ROA) was 4.0%, due to;

- (1) Current assets increased by Baht 1,023.4 million, mainly from the increase in short-term investments by Baht 426.5 million as the increase in fixed deposit. While the amounts due from related parties and cash and cash equivalents also increased by Baht 260.3 million and Baht 162.4 million, respectively.
- (2) Non-current assets increased by Baht 775.6 million, resulting from the aircraft maintenance reserves which increased by Baht 1,445.6 million whilst the aircraft, leasehold improvements and equipment-net decreased by Baht 723.4 million owing to a rise in accumulated depreciation.

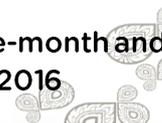
Liabilities

As at 30 September 2016, total liabilities amounted to Baht 23,220.1 million, decreased by Baht 1,523.2 million or 6% compared with the year ended 31 December 2015, due to;

- (1) Current liabilities decreased by Baht 99.9 million, mainly from the decrease in amounts due to related parties of Baht 551.3 million. While current portion of long-term borrowings increased by Baht 459.5 million due to refinancing 2 aircraft and 2 aircraft engines under finance lease agreements.
- (2) Non-current liabilities decreased by Baht 1,423.3 million, mainly from finance lease liabilities which decreased by Baht 2,859.0 million while long-term borrowings increased by Baht 1,540.5 million due to refinancing 2 aircraft and 2 aircraft engines under finance lease agreements.

Shareholders' Equity

As at 30 September 2016, total shareholders' equity amounted to Baht 31,405.4 million, increased by Baht 3,322.2 million, or 12% compared with the year ended 31 December 2015, resulting from the operating results during the period lead to an increase in retained earnings in an amount of Baht 1,828.2 million. Hence, an equity attributable



to owners of the parent and non-controlling interests ended this period amounted to Baht 21,970.6 million and Baht 9,434.8 million, respectively, with the return on equity (ROE) was 10.1%.

Statement of Cash Flows

Asia Aviation Public Company Limited Unit: Baht million	Consolidated	
	For the nine-month period ended 30 September	
	2016	2015
Net cash generated from (used in) operating activities	3,400.9	1,993.3
Net cash generated from (used in) investing activities	(1,968.2)	(38.3)
Net cash generated from (used in) financing activities	<u>(1,224.8)</u>	<u>(2,091.8)</u>
Net increase (decrease) in cash and cash equivalents	207.9	(136.8)
Exchange gain (loss) on cash and cash equivalents	(45.5)	157.6
Cash and cash equivalents at the beginning of the period	6,122.8	4,789.1
Cash and cash equivalents at the end of the period	<u>6,285.2</u>	<u>4,809.9</u>

For the nine-month period ended 30 September 2016, Asia Aviation Plc had net cash generated from operating activities amounted of Baht 3,400.9 million mainly due to operating profit in this period. In contrast, net cash used in investing activities was Baht 1,968.2 million mainly from payment for aircraft maintenance reserves. Net cash used in financing activities was Baht 1,224.8 million from payments for early termination of finance leases and also repayments of finance leases and interest paid, whilst there was the proceeds from long-term borrowings due to refinancing of aircraft and aircraft engine under finance lease agreements amounted to Baht 2,000.0 million. As a result, Asia Aviation Plc had net increase in cash and cash equivalents of Baht 207.9 million, while the cash and cash equivalents at the end of the period amounted to Baht 6,285.2 million.



Thai AirAsia's financial performance for the three-month and nine-month period ended 30 September 2015 and 2016 has been summarised below:

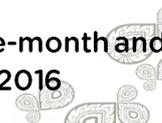
Statement of Comprehensive Income

Thai AirAsia Company Limited Unit: Baht million	For the three-month period ended 30 September		Change	For the nine-month period ended 30 September		Change
	2016	2015		2016	2015	
	Revenues	8,145.5		7,254.2	+12%	
Gross profit	1,205.5	904.2	+33%	4,898.8	3,334.1	+47%
Profit (loss) before finance costs and income tax	752.3	285.5	+164%	3,606.7	1,954.7	+85%
Net Profit (loss)/ Total Comprehensive income (expense) for the period	729.2	174.4	+318%	3,328.6	1,471.4	+126%
Earnings (loss) per share (Baht)	16.74	4.00	+318%	76.42	33.78	+126%

In Q3/2016, revenues of Thai AirAsia amounted to Baht 8,145.5 million, increased by Baht 891.3 million or 12% compared with the same period last year which was at Baht 7,254.2 million. The increase in revenues was driven by the 21% growth in the number of passengers carried in Q3/2016 at 4.3 million. Whereas, the load factor was at 84%, or up by 3 percentage points (ppts) compared with the same period last year in spite of low season in Thailand since it was the monsoon season. Additionally, Thailand's tourism industry was impacted by the strict government's measures of tourism business operators, especially in Chinese market. To encourage Free Independent Travellers (FITs) to travel, thus, the company offered the promotional campaign in several routes resulted in a 8% drop in average fares to Baht 1,574 per pax in Q3/2016 from Baht 1,710 per pax in Q3/2015.

The ancillary revenues in Q3/2016 increased from Baht 1,150.5 million in Q3/2015 to Baht 1,359.8 million, or up by 18% compared with the same period last year, mainly from checked baggage fees, seat selection fees and In-flight meals and beverages revenues. The aircraft utilisation in Q3/2016 was at 11.8 hours per day, higher than Q3/2015 which had the aircraft utilisation at 11.2 hours per day.

Gross profit in Q3/2016 amounted to Baht 1,205.5 million, increased by 33% compared with the same period last year, with a gross profit margin of 15%. The cost per available seat kilometres (CASK) was at Baht 1.43 in Q3/2016, decreased by 8% compared with the same period last year due to a drop in jet fuel costs in relation to the global oil prices. The fuel cost per ASK decreased from Baht 0.52 in Q3/2015 to Baht 0.42 in Q3/2016 or declined by 19%. However, aircraft rental, staff costs as well as repair and maintenance costs increased owing to larger fleet size.



Profit before finance costs and income tax in Q3/2016 amounted to Baht 752.3 million, increased by 164% compared with the same period last year, having an operating profit margin of 9%. While selling and administrative expenses increased slightly owing to the advertising costs in order to boost sales during the low season.

Net profit/ Total comprehensive income for the period amounted to Baht 729.2 million, increased by Baht 554.8 million from the same period last year which was at Baht 174.4 million, having a net profit margin of 9%. During the quarter, Thai AirAsia entered into unsecured loan agreements with financial institutions for early termination of 2 aircraft and 2 aircraft engines under finance lease agreements and recorded the following transactions; 1) reversed deferred effective interest rate and 2) recognised deferred tax liabilities adjustment due to no longer temporary difference between accounting and tax practice, resulting in the decrease in income tax.

For 9M2016, revenues of Thai AirAsia's amounted to Baht 24,853.8 million, increased by 14% from Baht 21,873.3 million in the nine-month of 2015 (9M2015), primarily due to the increase in the number of passengers carried to 12.9 million or 19% compared with the same period last year, beating the 13% increase in capacity compared with the same period last year as Thai AirAsia has been delivered 5 aircraft compared with the same period last year to support the launch of new routes and increase the frequency of flights on existing routes. Thus, the available seat kilometres (ASK) increased by 16% compared with the same period last year. However, average fares in 9M2016 amounted to Baht 1,616 per pax, decreased by 5% compared with the same period last year due to the competition in airlines' business.

Net profit/ Total comprehensive income for the period amounted to Baht 3,328.6 million, or increased by 126% compared with the same period last year. Thai AirAsia was benefit from a decrease in global oil prices as 28% of its total expenses was fuel cost. In addition, the company recorded net unrealised gain on exchange rates amounted to Baht 65.2 million due to a slight appreciation of baht in 9M16, reversed from the net unrealised loss on exchange rates amounted to Baht 300.4 million in 9M15 owing to the depreciation of baht. Nevertheless, the company exercised the carry forward of unused tax loss to calculate income tax for the period and recognised deferred tax liabilities adjustment due refinancing of aircraft and aircraft engine under finance lease agreements as the aforementioned, resulting in the decrease in income tax.

Thai AirAsia Company Limited	Q3/2016	Q3/2015	Change	9M2016	9M2015	Change
Passenger carried (Million)	4.33	3.58	21%	12.86	10.83	19%
Capacity (Million seats)	5.14	4.41	17%	15.13	13.34	13%
Load factor (%)	84%	81%	+3ppts	85%	81%	+4ppts
Revenue passenger kilometres (Million seats-km)	4,478	3,651	23%	13,082	10,919	20%
Available seat kilometres (ASK) (Million seats-km)	5,316	4,445	20%	15,421	13,290	16%
Average fares (Baht)	1,574	1,710	-8%	1,616	1,700	-5%
Revenue per available seat kilometres(Baht)	1.53	1.63	-6%	1.61	1.65	-2%



Thai AirAsia Company Limited	Q3/2016	Q3/2015	Change	9M2016	9M2015	Change
Cost per ASK (Baht)	1.43	1.56	-8%	1.42	1.52	-7%
Cost per ASK (ex-fuel)(Baht)	1.01	1.04	-3%	1.02	0.97	5%

Statement of Financial Position

Thai AirAsia Company Limited Unit: Baht million	As at 30 September 2016	As at 31 December 2015	Change
Total assets	30,820.5	29,007.6	+6%
Total liabilities	20,234.8	21,750.5	-7%
Total shareholders' equity	10,585.7	7,257.1	+46%

Assets

As at 30 September 2016, total assets amounted to Baht 30,820.5 million, increased by Baht 1,812.9 million or 6% compared with the year ended 31 December 2015, due to;

- (1) Current assets increased by Baht 1,023.1 million, mainly from the increase in short-term investments by Baht 426.5 million as the increase in fixed deposit. While the amounts due from related parties and cash and cash equivalents also increased by Baht 260.3 million and Baht 160.6 million, respectively.
- (2) Non-current assets increased by Baht 789.8 million, resulting from the aircraft maintenance reserves which increased by Baht 1,445.6 million whilst the aircraft, leasehold improvements and equipment-net decreased by Baht 709.4 million owing to a rise in accumulated depreciation.

Liabilities

As at 30 September 2016, total liabilities amounted to Baht 20,234.8 million, decreased by Baht 1,515.7 million or 7% compared with the year ended 31 December 2015, primarily due to;

- (1) Current liabilities decreased by Baht 98.9 million, mainly from the decrease in amounts due to related parties of Baht 551.3 million. While current portion of long-term borrowings increased by Baht 459.5 million due to refinancing 2 aircraft and 2 aircraft engines under finance lease agreements.
- (2) Non-current liabilities decreased by Baht 1,416.8 million, mainly from finance lease liabilities which decreased by Baht 2,859.0 million while long-term borrowings increased by Baht 1,540.5 million due to refinancing 2 aircraft and 2 aircraft engines under finance lease agreements.



Shareholders' Equity

As at 30 September 2016, total shareholders' equity amounted to Baht 10,585.7 million, increased by Baht 3,328.6 million or 46% compared with the year ended 31 December 2015, resulted from the operating results during the period.

Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at 30 September 2016 were 1.22x and 0.49x, respectively. Thai AirAsia has a policy to manage its Debt-to-Equity ratio less than 2x in order to maintain a strong capital structure in the competitive market.

Statement of Cash Flows

Thai AirAsia Company Limited Unit: Baht million	For the nine-month period ended 30 September	
	2016	2015
Net cash generated from (used in) operating activities	3,399.1	1,968.8
Net cash generated from (used in) investing activities	(1,968.1)	(38.3)
Net cash generated from (used in) financing activities	<u>(1,224.8)</u>	<u>(2,135.7)</u>
Net increase (decrease) in cash and cash equivalents	206.2	(205.2)
Exchange gain (loss) on cash and cash equivalents	(45.5)	157.6
Cash and cash equivalents at the beginning of the period	6,071.3	4,783.4
Cash and cash equivalents at the end of the period	<u>6,232.0</u>	<u>4,735.8</u>

For the nine-month period ended 30 September 2016, Thai AirAsia had net cash generated from operating activities amounted of Baht 3,399.1 million mainly due to operating profit in this period. In contrast, net cash used in investing activities was Baht 1,968.1 million mainly from payment for aircraft maintenance reserves. Net cash used in financing activities was Baht 1,224.8 million from payments for early termination of finance leases and also repayments of finance leases and interest paid, whilst there was the proceeds from long-term borrowings due to refinancing of aircraft and aircraft engine under finance lease agreements amounted to Baht 2,000.0 million. As a result, Asia Aviation Plc had net increase in cash and cash equivalents of Baht 206.2 million, while the cash and cash equivalents at the end of the period amounted to Baht 6,232.0 million.



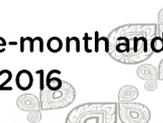
Business Outlook

With a steady low unemployment rate of the US in Q3/2016, this could probably lead the Federal Reserve (Fed) to increase its policy rate in December 2016. To rise the US interest rates, however, the dollar is likely to appreciate. Hence, the company prepares its plan by setting a measure to alleviate interest rate risk in the future from the aircraft financial lease by fixing the interest rate. Additionally, the company has a part of revenues and expenses in foreign currencies such as passenger revenue, repair and maintenance expense as well as aircraft rental. Therefore, the company engage in the natural hedge scheme to prevent the foreign exchange exposure.

The company expects to benefit from the current low global oil prices. Unfortunately, if the resolution on the Organization of the Petroleum Exporting Countries (OPEC) official meeting on November 30, 2016 unchanged from the previous agreement in Algiers on September 28, 2016 to cap its production between 32.5 and 33.0 million barrels per day, the crude oil prices would increase slightly in the fourth quarter of 2016 (Q4/2016). In contrast, if the meeting does not reach an agreement or the US shale-oil producers restart production, these would put a pressure on the global oil prices to remain weak. Thus, the company is monitoring the changes in oil prices and manages the fuel price regularly since jet fuel price is a majority of total operating costs. To mitigate the risks from oil price volatility in the future, the company has a policy to hedge the jet fuel price.

Thai economic outlook in Q4/2016 expects to grow at a slow pace due to the majority of funds deriving from the government's stimulus measures have already been used during the first-half of 2016 (1H2016) and the goods export sector also continues to be pressured by a fragile recovery of the global economy. While Thailand tourism in the last quarter of 2016 is supported by several holiday including Chulalongkorn Day, Constitution Day, Christmas Day, New Year's Eve and etc. Nevertheless, the Ministry of Tourism and Sports forecasts the number of international tourist arrivals in the Q4/2016 to reach at 7.6 million, or down by 3% compared with the same period last year. Thus, the total number of international tourist arrivals for 2016 would be approximately 32.4 million, decreased from the previous projection at 33.0 million due to the contraction of Chinese tourists which was affected by concrete measures including the zero-dollar tours crackdown and a tourist business standard. The restructuring of Thailand's tourism industry leads the country to be the world's class attraction which has a stable, prosperous and sustainable growth. Additionally, we expect Chinese tourists will recover to normal during the next Chinese's New Year.

In Q4/2016, the company plans to deliver 2 new aircraft of Airbus A320 NEO, pushing the capacity up to a 186-seat which increased from the previous model with a 180-seat as well as saving fuel burn up to 15%. Hence, the company to have totally 51 aircraft at the end of 2016. Additionally, the company has plan to operate new routes in Indochina and Indian markets such as Phuket – Siem Reap(Cambodia) which is the unique route and Bangkok(Don Mueang) – Kolkata(India) and add the frequency on well-performed routes such as Bangkok to Phuket, Surat Thani and Udon Thani. The company intends to gain the customer base, expand the network to cover both domestic and international destinations in order to secure the market shares, as well as, maintain its position as the leading low-fare airlines in Thailand.



Glossary

Load factor = 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)

Available seat kilometres (ASK) = which is the total number of seats available on all flights multiplied by the number of kilometres these seats were flown

Revenue passenger kilometres (RPK) = Revenue passenger kilometres, which is the number of paying passengers carried on all flights multiplied by the number of kilometres those seats were flown

Average fares = Calculated as Thai AirAsia's total passenger revenues and fuel surcharge divided by total number of passengers carried

Revenue per ASK (RASK) = Calculated as Thai AirAsia's revenues divided by ASK

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

Cost per ASK (CASK ex-fuel) = 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

Average stage length (kilometres) = Represents the average number of kilometres flown per flight

Aircraft utilisation = 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.

Debt to Equity ratio (D/E) = Calculated as Thai AirAsia's total interest bearing debt divided by total shareholders' equity

Net Gearing ratio = Calculated as Thai AirAsia's total interest bearing debt less cash divided by total shareholders' equity