

(Translation)

Opinion of the Company on the Tender Offer for Securities (Form 250-2)

of

Asia Aviation Public Company Limited

The Offeror:

Mr. Tassapon Bijleveld

January 23, 2018

- TRANSLATION -

The English Translation of Opinion of the Company on the Tender Offer for Securities has been prepared solely for the convenience of foreign shareholders of Asia Aviation Plc. and should not be relied upon as the definitive and official document.

The Thai language version of Opinion of the Company on the Tender Offer for Securities is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Opinion of the Company on the Tender Offer for Securities

January 23, 2018

To Securities Holders:

On January 8, 2018, Asia Aviation Plc. (hereinafter called “the Company” or “AAV”) received a copy of the Tender Offer Form for its securities from Mr. Tassapon Bijleveld (“the Offeror”), with details as follows:

Type of securities	Amount of securities offered to purchase ^{1/}		Securities offered to purchase as % of		Offering price per unit ^{2/} (Baht)	Offering value (Baht)
	Shares/Units	Voting rights	Total securities sold of the Company	Total voting rights of the Company		
Ordinary shares	2,845,911,714	2,845,911,714	58.68	58.68	4.70	13,375,785,055.80
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
			Total	58.68	Total	13,375,785,055.80

Note: ^{1/} AAV currently has a total of 4,850,000,000 issued and paid-up ordinary shares with a par value of Baht 0.10 per share. On December 27, 2017, Mr. Tassapon Bijleveld acquired 1,761,588,286 ordinary shares or 36.32% of total issued and paid-up shares and total voting rights of the Company at Baht 4.70 per shares from (1) Mr. Vichai Srivaddhanaprabha, (2) Mr. Aiyawatt Srivaddhanaprabha, (3) Mr. Apichet Srivaddhanaprabha, (4) Ms. Arronrung Srivaddhanaprabha, and (5) Ms. Voramas Srivaddhanaprabha (collectively called “Major Shareholders”), thus resulting in an increase in the Offeror’s shareholding in the Company from the amount prior to the acquisition from the Major Shareholders of 242,500,000 shares or 5.00% of total issued and paid-up shares and total voting rights of the Company to 2,004,088,286 shares or 41.32% of total issued and paid-up shares and total voting rights of the Company. As such, Mr. Tassapon Bijleveld is obliged to make a mandatory tender offer for all of the remaining 2,845,911,714 shares or 58.68% of total issued and paid-up shares and total voting rights of the Company in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (“Notification No. TorChor. 12/2554”).

- ^{2/} The Offeree shall be subject to a brokerage fee of 0.25% of the offering price and value added tax of 7% of such brokerage fee. Thus, the net price (before withholding tax in case the Offeree is a juristic entity that is liable to pay tax deducted at source) receivable by the Offeree will be Baht 4.687428 (Baht four point six eight seven four two eight) per share.

The tender offer period is a total of 25 business days from January 9, 2018 to February 12, 2018, during the office hours of 9.00 a.m. - 4.00 p.m. of the Tender Offer Agent. Such tender offer period is the final period which will not be extended unless any of the following conditions arises:

- The Offeror may reduce the tender offer price or extend the tender offer period if an event occurs that has a material adverse effect on the condition or the assets of the Company during the tender offer period.
- The Offeror may change the terms of this tender offer or extend the tender offer period if there is any other person who has submitted a tender offer to purchase securities of the Company during the tender offer period.

Conditions for Cancellation of the Tender Offer:

The Offeror may cancel the tender offer upon the occurrence of one or more of the following events:

- 1) any event or action occurring after the submission of the tender offer to the Office of the Securities and Exchange Commission (the “SEC”) but within the tender offer period which causes or may cause severe damage to the status or the assets of the Company, where such event or action has not resulted solely from the actions of the Offeror or actions for which the Offeror is responsible; or
- 2) any action conducted by the Company after the submission of the tender offer to the SEC but within the tender offer period which causes or may cause a significant decrease in the value of the Company’s shares; or
- 3) any action conducted by the Company as defined in the Notification of the Capital Market Supervisory Board No. TorChor. 14/2554 Re: Actions or Exempt of Actions that May Affect the Result of Tender Offer.

The Company has considered the tender offer proposal, taking into account the interest of the securities holders, and would like to express opinion to be a basis for your consideration as follows:

1. The Company’s status in terms of its past and expected future performance together with the assumptions applied

The Company’s past performance

a. Company overview and background

Asia Aviation Plc. was registered as a private limited company on February 14, 2006 with an initial registered capital of Baht 410 million. AAV operates as a holding company, which makes an investment only in low-cost carrier business under Thai AirAsia Co., Ltd. (“TAA” or “Subsidiary”) initially in a proportion of 50% of TAA’s paid-up capital.

Later on June 21, 2007, the Thai management team, consisting of Chief Executive Officer and top management, acquired the entire shares of the Company from its existing shareholders as they envisioned the potential of this business. In November 2011, the Company additionally purchased 1% of shares in TAA from Mr. Tassapon Bijleveld and thereby held 51% of TAA's total shares. Then on December 26, 2011, the Company registered as a public limited company and on May 31, 2012 was listed on the Stock Exchange of Thailand ("SET") under ticker name "AAV." The Company used proceeds from the initial public offering (IPO) of its newly issued shares for purchasing the new ordinary shares issued by TAA, leading its shareholding in TAA to increase to 55% of TAA's paid-up capital.

TAA was founded on September 19, 2003 with a registered capital of Baht 400 million to operate a low-cost carrier business with a single fleet type of Airbus A320, generating revenues from scheduled passenger services, ancillary services and other services.

b. Description of products

AAV operates as a holding company, currently investing in TAA only.

TAA engages in a low-cost carrier business with a single fleet type of Airbus A320, generating revenues from scheduled passenger services and ancillary services, details of which are as follows:

1. Scheduled passenger services

TAA provides scheduled passenger air travel services at the fares lower than those offered by full service airlines. However, such fares do not include services such as baggage fee, seat selection fee, on-board food and beverages and other services. Hence, passengers could pay for those services, from which the revenue will be recorded under the ancillary services. TAA continuously monitors its on-time performance and could maintain its punctuality (which measures the proportion of flights departing within 15 minutes of the scheduled departure time) at 85% of its flights in 2016 and 83% in January-September 2017. The number of passengers carried by TAA in 2016 was approximately 17.2 million passengers, 63% of which were passengers on the domestic routes, and 37% on the international routes. For January-September 2017, TAA carried a total of 14.5 million passengers, 63% of which were on the domestic routes, and 37% on the international routes.

2. Ancillary services

TAA provides various ancillary services to the passengers, ranging from the services before boarding to inflight services and other services in relation to air passenger services. Ancillary revenue accounted for 17%, 16%, 17% and 17% of its revenues from sales and services in 2014, 2015, 2016 and January-September 2017 respectively. Ancillary services consist of:

2.1) Services before boarding and fees

TAA offers a range of products and services to passengers on AirAsia Group's website, call center, sales office and over the check-in counter as follows: Checked Baggage, Seat Selection, Checked Sports Equipment, Bookings and Amendments, Payment Processing Fees, Travel Insurance (Tune Protect), and Connecting Flight (Fly-Thru). These services are subject to extra fees charged, as the case may be.

2.2) In-flight services

Sales of food and beverages to passengers onboard are one of TAA's in-flight services. Passengers who pre-booked their meals online during reservation will have a wider range of menus for selection as well as a discount from the price of meals sold onboard, and their food will be served prior to the sale of in-flight food and beverages. Passengers can pre-book on such services no less than 24 hours prior to the departure time.

Additionally, TAA offers merchandises onboard including souvenirs (such as airplane models and graphic T-shirts), 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 Marketing and Management Co., Ltd., TAA also offers duty free products which can be purchased on its international flights, the payment for which can be made either in cash or by credit cards.

3. Other services

TAA also offers other services including Bangkok Bank AirAsia Platinum MasterCard Credit Card, which is provided in association with Bangkok Bank to grant various benefits to its passengers, Advertising Space, AirAsia Car Rental, Freight (AirAsia Cargo), and Island and City Transfer services provided jointly with shuttle bus operators.

c. Revenue structure

AAV operates as a holding company, currently investing in TAA only. Therefore, its revenue structure is considered based on the revenue structure of TAA, as its core income earning source, as follows:

	2014		2015		2016		2017 (Jan-Sep)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Revenues from sales and services								
Passenger service revenues	18,154.7	69.1	22,091.9	72.5	24,993.6	75.5	19,546.0	71.9
Baggage handling and other service fees	5,561.6	21.2	4,811.4	15.8	4,828.8	14.6	4,971.2	18.3
Charter flight revenues	1,175.9	4.5	2,081.1	6.8	1,963.3	5.9	1,196.3	4.4
Inflight revenues	260.9	1.0	322.9	1.1	403.1	1.2	335.0	1.2
Freight revenues	202.4	0.8	200.0	0.7	211.8	0.6	171.9	0.6
Total revenues from sales and services	25,355.5	96.5	29,507.3	96.9	32,400.6	97.8	26,220.4	96.4
Other revenues								
Net gain on exchange rates	126.0	0.5	-	-	-	-	246.0	0.9

	2014		2015		2016		2017 (Jan-Sep)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Other income	793.2	3.0	955.3	3.1	729.0	2.2	733.0	2.7
Total other revenues	919.2	3.5	955.3	3.1	729.0	2.2	979.0	3.6
Total revenues	26,274.7	100.0	30,462.6	100.0	33,129.6	100.0	27,199.4	100.0

Source: Form 56-1 of AAV (2016) and the Company

d. List of the Board of Directors of the Company and the Subsidiary

1) The Company's Board of Directors, as of January 8, 2018, is composed of:

	Name	Position
1.	Mr. Arak Chonlatanon	Chairman of the Board/Chairman of the Audit Committee/ Independent Director
2.	Mr. Nuttawut Phowborom	Director/Audit Committee Member/Independent Director
3.	Mr. Kasemsit Pathomsak	Director/Audit Committee Member/Independent Director
4.	Mr. Tassapon Bijleveld	Director/Chief Executive Officer
5.	Mr. Santisuk Klongchaiya	Director
6.	M.L. Bovornnavatthep Devakula	Director
7.	Mr. Phairat Pornpathananangoon	Director
8.	Captain Tanapat Ngamplang	Director
9.	Mr. Preechaya Rasametnin	Director

Note:

1/ On December 27, 2017, the Closing Date, the Board of Directors' Meeting of the Company No. 5/2017 acknowledged the resignation of three directors of the Company and appointed three new directors, designated by the Offeror, in replacement of the three resigning directors as follows:

- 1) Appointed M.L. Bovornnavatthep Devakula to be the director in replacement of Mr. Aiyawatt Srivaddhanaprabha;
- 2) Appointed Mr. Phairat Pornpathananangoon to be the director in replacement of Mr. Apichet Srivaddhanaprabha; and
- 3) Appointed Captain Tanapat Ngamplang to be the director in replacement of Ms. Chananyarak Phetcharat.

2/ On December 28, 2017 which is the date immediately after the Acquisition Completion Date, the Board of Directors' Meeting of the Company No.6/2017 acknowledged the resignation of Mr. Sombat Dechapanichkul and appointed Mr. Preechaya Rasametnin to be the director in replacement of the resigning director.

On December 27 and 28, 2017, there was a change in the Company's authorized signatories as follows:

Changed from: "Mr. Tassapon Bijleveld or Mr. Santisuk Klongchaiya jointly signs with Mr. Sombat Dechapanichkul or Mr. Aiyawatt Srivaddhanaprabha or Mr. Apichet Srivaddhanaprabha, in an aggregation of two persons, with the Company's seal affixed."

Changed to: “Mr. Tassapon Bijleveld or Mr. Santisuk Klongchaiya jointly signs with Mr. Phairat Pornpathananagoon or Captain Tanapat Ngamplang or M.L. Bovornnavathep Devakula or Mr. Preechaya Rasametanim, in an aggregation of two persons, with the Company’s seal affixed.”

2) The Board of Directors of TAA, as of January 8, 2018, is composed of:

	Name	Position
1.	Mr. Arak Chonlatanon	Chairman of the Board/Chairman of the Audit Committee/ Independent Director
2.	Mr. Nuttawut Phowborom	Director/Audit Committee Member/Independent Director
3.	Mr. Tassapon Bijleveld	Director
4.	Mr. Santisuk Klongchaiya	Director
5.	Mr. Phairat Pornpathananagoon	Director
6.	Tan Sri Dr. Anthony Francis Fernandes	Director
7.	Dato Kamarudin Bin Meranun	Director
8.	Dato Mohamed Khadar Bin Merican	Director
9.	Mrs. Pattra Boosarawongse	Director

Note:

1/ On December 27, 2017, the shareholders’ meeting of TAA appointed two new directors, designated by the Offeror, in replacement of the resigning directors as follows:

- 1) Appointed Mr. Santisuk Klongchaiya to be the director in replacement of Mr. Aiyawatt Srivaddhanaprabha; and
- 2) Appointed Mr. Phairat Pornpathananagoon to be the director in replacement of Mr. Sombat Dechapanichkul.

On December 27, 2017, there was a change in the authorized signatories of TAA as follows:

Changed from: “Mr. Tassapon Bijleveld jointly signs with either Mr. Sombat Dechapanichkul or Mr. Aiyawatt Srivaddhanaprabha, totaling two persons, with the company’s seal affixed” or “Mr. Sombat Dechapanichkul and Mr. Aiyawatt Srivaddhanaprabha jointly sign with any one of Tan Sri Dr. Anthony Francis Fernandes and Dato Kamarudin Bin Meranun, totaling three persons, with the company’s seal affixed.”

Changed to: “Mr. Tassapon Bijleveld jointly signs with any one of Mr. Santisuk Klongchaiya, Mr. Phairat Pornpathananagoon and Mrs. Pattra Boosarawongse, totaling two persons, with the company’s seal affixed” or “any two of the three directors, namely Mr. Santisuk Klongchaiya, Mr. Phairat Pornpathananagoon and Mrs. Pattra Boosarawongse, jointly sign with any one of Tan Sri Dr. Anthony Francis Fernandes and Dato Kamarudin Bin Meranun, totaling three persons, with the company’s seal affixed.”

Expected list of the Board of Directors of the Company and the Subsidiary after the tender offer

Under the Securities Sale and Purchase Agreement between Mr. Tassapon Bijleveld and the group of existing shareholders signed on December 25, 2017, it is stipulated in the conditions precedent that the Seller and the Purchaser shall proceed to hold the meeting of the Board of Directors of the Company and the meetings of the Board of Directors and the shareholders of the Subsidiary to consider and approve the following agenda items:

- (1) Appointment of three directors of the Company and two directors of the Subsidiary, designated by the Purchaser, in replacement of the resigning directors of the Company and the Subsidiary
- (2) Change of the authorized directors of the Company and the Subsidiary to be the authorized directors designated by the Purchaser
- (3) Change of the authorized persons to withdraw and pay cheques from all bank accounts of the Company and the Subsidiary to be as designated by the Purchaser.

In addition, after the completion of the sales and purchase transaction, the Seller must arrange for Mr. Sombat Dechapanichkul to resign as director of the Company and send the resignation letter to the Purchaser immediately after the meeting of the Board of Directors of the Company.

However, on December 27 and 28, 2017, Mr. Tassapon Bijleveld and the group of existing shareholders jointly proceeded to completely fulfill the conditions precedent and the obligations of the Seller after the completion of the sales and purchase transaction in relation to the change of directors and authorized directors of the Company and the Subsidiary.

e. Shareholders

As of November 24, 2017, the Company had a registered and paid-up capital of Baht 485,000,000, divided into 4,850,000,000 ordinary shares with a par value of Baht 0.10 per share. Details of its shareholders are as follows:

1. Shareholding structure of the Company before the tender offer

1.1 List of top 10 shareholders of the Company as of November 24, 2017

	Name	No. of shares (shares)	As % of total paid-up shares and total voting rights
1	Srivaddhanaprabha Family	1,931,288,286	39.82
	- Mr. Vichai Srivaddhanaprabha	679,000,000	14.00
	- Mr. Aiyawatt Srivaddhanaprabha	485,088,286	10.00
	- Mr. Apichet Srivaddhanaprabha	282,200,000	5.82
	- Ms. Aroonrung Srivaddhanaprabha	242,500,000	5.00
	- Ms. Voramas Srivaddhanaprabha	242,500,000	5.00
2	Thai NVDR Co., Ltd.	363,885,369	7.50
3	Mr. Tassapon Bijleveld	242,500,000	5.00

	Name	No. of shares (shares)	As % of total paid-up shares and total voting rights
4	Bualuang Long-term Equity Fund	220,281,600	4.54
5	Mr. Tanarat Pasawongse	180,860,800	3.73
6	Bualuang Long-term Equity Fund 75/25	102,083,700	2.10
7	Mr. Charlie Choungsangsee	71,512,000	1.47
8	Krungsri Dividend Stock LTF	56,590,400	1.17
9	Bualuang Flexible RMF	56,112,900	1.16
10	Ms. Pojanalai Boonkhan	52,000,000	1.07
	Total of top 10 shareholders	3,277,115,055	67.57
	Other shareholders	1,572,884,945	32.43
	Total	4,850,000,000	100.00

Source: Thailand Securities Depository Co., Ltd.

- 1.2 List of top 10 shareholders as of January 8, 2018 (assuming that there is no change in shareholding by other shareholders after the latest closing of the shareholder register book on November 24, 2017 other than the acquisition of 1,761,588,286 shares by Mr. Tassapon Bijleveld from the group of existing shareholders (Mr. Vichai Srivaddhanaprabha, Mr. Aiyawatt Srivaddhanaprabha, Mr. Apichet Srivaddhanaprabha, Ms. Arronrung Srivaddhanaprabha, and Ms. Voramas Srivaddhanaprabha) on December 27, 2017 (under the Securities Sale and Purchase Agreement of Asia Aviation Plc. dated December 25, 2017).

	Name	No. of shares (shares)	As % of total paid-up shares and total voting rights
1	Mr. Tassapon Bijleveld	2,004,088,286	41.32
2	Thai NVDR Co., Ltd.	363,885,369	7.50
3	Bualuang Long-term Equity Fund	220,281,600	4.54
4	Mr. Tanarat Pasawongse	180,860,800	3.73
5	Srivaddhanaprabha Family	169,700,000	3.50
	- Mr. Vichai Srivaddhanaprabha	-	-
	- Mr. Aiyawatt Srivaddhanaprabha	130,000,000	2.68
	- Mr. Apichet Srivaddhanaprabha	39,700,000	0.82
	- Ms. Aroonrung Srivaddhanaprabha	-	-
	- Ms. Voramas Srivaddhanaprabha	-	-
6	Bualuang Long-term Equity Fund 75/25	102,083,700	2.10

	Name	No. of shares (shares)	As % of total paid-up shares and total voting rights
7	Mr. Charlie Choungsangsee	71,512,000	1.47
8	Krungsri Dividend Stock LTF	56,590,400	1.17
9	Bualuang Flexible RMF	56,112,900	1.16
10	Ms. Pojanalai Boonkhan	52,000,000	1.07
	Total of top 10 shareholders	3,277,115,055	67.57
	Other shareholders	1,572,884,945	32.43
	Total	4,850,000,000	100.00

2. Shareholding structure of TAA before the tender offer

As of July 17, 2017, TAA had a registered and paid-up capital of Baht 435,555,600 , divided into 43,555,560 ordinary shares with a par value of Baht 10 per share. Details of its shareholders are as follows:

	Name	No. of shares (shares)	As % of total paid-up shares and total voting rights
1	Asia Aviation Plc.	23,955,553	55.00
2	AirAsia Investment Ltd. ^{1,2/}	19,600,000	45.00
3	Mr. Tassapon Bijleveld	2	0
4	Captain Tanapat Ngamplang	1	0
5	Mr. Preechaya Rasametnin	1	0
6	M.L. Bovornvathep Devakula	1	0
7	Mr. Santisuk Klongchaiya	1	0
8	Ms. Hathaimas Ekkalakdilok	1	0
	Total	43,555,560	100.00

Source : The Company

Note:

- 1 AirAsia Investment Ltd. is a subsidiary of AirAsia Group, established under the law of Malaysia and wholly owned by AirAsia Berhad.
- 2 AirAsia Berhad operates as a holding company and is a listed entity on Bursa Malaysia stock exchange. As of December 31, 2017, AirAsia Berhad held by major shareholders including (1) Tan Sri Dr. Anthony Francis Fernandes and (2) Dato Kamarudin Bin Meranan that held 32.23% and 32.24% respectively.

3. Shareholding structure of the Company after the tender offer

After completion of the tender offer, in the event that all of the Offerees sell their ordinary shares in the Company under the Mandatory Tender Offer, Mr. Tassapon Bijleveld, as the Offeror, will hold 100.00% of the issued shares of the Company.

f. Financial position and operating results

Table summarizing the operating results and financial position of the Company (consolidated) for 2014-2016 and the first nine months of 2017

The Company's consolidated financial statements for 2014-2016 were audited by Mr. Chanchai Chaiprasit, Certified Public Accountant (Thailand) No. 3760, of PricewaterhouseCoopers ABAS Ltd., and the consolidated financial statements for the first nine months of 2017 were reviewed by Mr. Paiboon Tunkoon, Certified Public Accountant (Thailand) No. 4298, of PricewaterhouseCoopers ABAS Ltd.

Statements of financial position (consolidated) of Asia Aviation Plc.

	Dec 31, 2014		Dec 31, 2015		Dec 31, 2016		Sep 30, 2017	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Assets								
Current assets								
Cash and cash equivalents	4,789.1	9.7	6,122.8	11.6	4,661.3	8.2	5,540.1	9.2
Cash at financial institutions pledged as security	6.1	0.0	358.7	0.7	1.6	0.0	-	-
Short-term investments	1,492.7	3.0	1,109.2	2.1	2,069.8	3.7	1,509.9	2.5
Investments in private funds	10.5	0.0	-	-	-	-	-	-
Trade and other receivables, net	631.0	1.3	439.2	0.8	446.0	0.8	524.2	0.9
Amounts due from related parties	68.2	0.1	326.2	0.6	804.8	1.4	891.2	1.5
Inventories	96.8	0.2	94.0	0.2	118.2	0.2	120.2	0.2
Prepaid expenses	271.0	0.5	315.7	0.6	323.1	0.6	310.6	0.5
Value added taxes receivable, net	86.8	0.2	-	-	-	-	-	-
Other current assets	40.3	0.1	63.3	0.1	334.8	0.6	226.3	0.4
Total current assets	7,492.5	15.1	8,829.2	16.7	8,759.6	15.5	9,122.5	15.2
Non-current assets								
Cash at financial institutions pledged as security	171.2	0.3	6.4	0.0	-	-	-	-
Long-term investments	1,299.3	2.6	13.3	0.0	11.9	0.0	11.9	0.0
Aircraft maintenance reserves	-	-	1,066.4	2.0	2,665.5	4.7	3,418.5	5.7
Aircraft, leasehold improvements and equipment, net	16,033.3	32.4	18,216.1	34.5	20,425.4	36.1	22,737.5	37.9

	Dec 31, 2014		Dec 31, 2015		Dec 31, 2016		Sep 30, 2017	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Intangible assets, net	14,868.0	30.0	14,868.5	28.1	14,871.5	26.3	14,889.5	24.8
Goodwill	8,824.8	17.8	8,824.8	16.7	8,824.8	15.6	8,824.8	14.7
Other non-current assets	812.7	1.6	1,001.8	1.9	1,040.7	1.8	980.4	1.7
Total non-current assets	42,009.3	84.9	43,997.3	83.3	47,839.8	84.5	50,862.6	84.8
Total assets	49,501.8	100.0	52,826.5	100.0	56,599.4	100.0	59,985.1	100.0
Current liabilities								
Trade accounts payable	175.2	0.4	335.8	0.6	489.0	0.9	252.2	0.4
Other accounts payable	192.2	0.4	194.6	0.4	340.9	0.6	400.9	0.7
Amounts due to related parties	472.7	1.0	917.9	1.7	430.8	0.8	378.4	0.6
Deferred revenues	4,629.2	9.4	4,030.2	7.6	4,238.1	7.5	4,704.9	7.8
Accrued expenses	1,372.4	2.8	1,516.6	2.9	1,890.2	3.3	1,842.7	3.1
Current portion of long-term borrowings from financial institutions	-	-	-	-	559.7	1.0	266.9	0.5
Current portion of finance lease liabilities	959.0	1.9	1,261.4	2.4	1,231.8	2.2	1,316.0	2.2
Income tax payable	-	-	-	-	-	-	-	-
Other current liabilities	64.1	0.1	40.0	0.1	89.6	0.1	50.8	0.1
Total current liabilities	7,864.8	15.9	8,296.5	15.7	9,270.1	16.4	9,212.8	15.4
Non-current liabilities								
Long-term loan borrowings from financial institutions	-	-	-	-	1,273.0	2.2	632.0	1.0
Debentures	-	-	-	-	-	-	1,597.9	2.7
Finance lease liabilities	11,118.0	22.5	12,775.4	24.2	12,390.7	21.9	13,044.3	21.8
Deferred tax liabilities, net	3,345.6	6.8	3,502.5	6.6	3,290.4	5.8	3,262.9	5.4
Employee benefit obligations	157.5	0.3	168.9	0.3	255.0	0.5	297.2	0.5
Total non-current liabilities	14,621.1	29.5	16,446.9	31.1	17,209.1	30.4	18,834.3	31.4
Total liabilities	22,485.9	45.4	24,743.4	46.8	26,479.2	46.8	28,047.1	46.8
Equity								
Issued and paid-up share capital	485.0	1.0	485.0	0.9	485.0	0.9	485.0	0.8
Premium on share capital	2,599.8	5.3	2,599.8	4.9	2,599.8	4.6	2,599.8	4.3
Retained earnings (deficits):								
Appropriated-Legal reserve	-	-	26.5	0.1	48.5	0.1	48.5	0.1
Unappropriated	16,449.4	33.2	17,031.1	32.2	18,137.2	32.0	19,139.1	31.9
Equity attributable to owners of the parent	19,534.2	39.5	20,142.4	38.1	21,270.5	37.6	22,272.4	37.1
Non-controlling interests	7,481.7	15.1	7,940.8	15.0	8,849.7	15.6	9,665.6	16.1

	Dec 31, 2014		Dec 31, 2015		Dec 31, 2016		Sep 30, 2017	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Total equity	27,015.9	54.6	28,083.2	53.2	30,120.2	53.2	31,938.0	53.2
Total liabilities and equity	49,501.8	100.0	52,826.5	100.0	56,599.4	100.0	59,985.1	100.0

Statements of income and other comprehensive income (consolidated) of Asia Aviation Plc.

	2014		2015		2016		2017 (Jan-Sep)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Revenues from sales and services	25,355.5	96.5	29,507.3	96.9	32,400.6	97.8	26,220.4	96.4
Cost of sales of goods and services	(23,707.7)	(90.2)	(25,315.1)	(83.1)	(26,687.8)	(80.6)	(22,772.4)	(83.7)
Gross profit	1,647.9	6.3	4,192.2	13.8	5,712.8	17.2	3,448.0	12.7
Net gain on exchange rates	126.0	0.5	-	-	-	-	246.0	0.9
Other income	793.8	3.0	956.3	3.1	729.7	2.2	733.7	2.7
Profit before expenses	2,567.6	9.8	5,148.5	16.9	6,442.5	19.4	4,427.7	16.3
Selling expenses	(1,180.1)	(4.5)	(1,494.0)	(4.9)	(1,507.5)	(4.5)	(1,117.2)	(4.1)
Administrative expenses	(744.8)	(2.8)	(883.4)	(2.9)	(1,128.6)	(3.4)	(1,041.0)	(3.8)
Net loss on exchange rates	-	-	(204.8)	(0.7)	(79.5)	(0.2)	-	-
Profit (Loss) before finance costs and income taxes	642.8	2.5	2,566.4	8.4	3,726.9	11.3	2,269.5	8.4
Finance costs	(312.8)	(1.2)	(457.1)	(1.5)	(520.8)	(1.6)	(479.0)	(1.8)
Profit before income taxes	330.0	1.3	2,109.3	6.9	3,206.1	9.7	1,790.5	6.6
Income tax revenues (expenses)	1.3	0.0	(151.1)	(0.5)	191.5	0.6	27.3	0.1
Profit for the year	331.3	1.3	1,958.3	6.4	3,397.6	10.3	1,817.8	6.7
Remeasurements of employee benefit obligations	11.7	0.0	29.2	0.1	(43.1)	(0.1)	-	-
Income taxes relating to components of other comprehensive income (expense) for the year	(2.3)	(0.0)	(5.8)	(0.0)	8.6	0.0	-	-
Comprehensive income for the year	340.6	1.3	1,981.6	6.5	3,363.1	10.2	1,817.8	6.7
Net profit (loss) attributable to:								
Owners of the parent	183.2	0.7	1,078.5	3.5	1,869.5	5.7	1,001.9	3.7
Non-controlling interests	148.1	0.6	879.8	2.9	1,528.1	4.6	815.9	3.0
	331.3	1.3	1,958.3	6.4	3,397.6	10.3	1,817.8	6.7
Total comprehensive income (expense) attributable to:								
Owners of the parent	188.3	0.7	1,091.3	3.6	1,850.5	5.6	-	-
Non-controlling interests	152.3	0.6	890.3	2.9	1,512.6	4.6	-	-

	2014		2015		2016		2017 (Jan-Sep)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
	340.6	1.3	1,981.6	6.5	3,363.1	10.2	-	-
Basic earnings per share	0.04		0.22		0.39		0.21	

Statements of cash flows (consolidated) of Asia Aviation Plc.

(Unit: Baht million)

	2014	2015	2016	2017 (Jan-Sep)
Net cash generated from (used in) operating activities	1,849.0	4,073.7	4,381.6	3,197.3
Net cash generated from (used in) investing activities	2,025.4	(183.6)	(2,785.6)	(919.9)
Net cash generated from (used in) financing activities	(1,030.8)	(2,529.1)	(3,098.1)	(1,355.4)
Net increase (decrease) in cash and cash equivalents	2,843.6	1,361.0	(1,502.1)	922.0

Significant financial ratios of Asia Aviation Plc.

		2014	2015	2016	2017 (Jan-Sep)
Liquidity ratio					
Current ratio	(time)	1.0	1.1	0.9	1.0
Quick ratio	(time)	0.9	0.9	0.8	0.8
Cash flow liquidity ratio ^{4/}	(time)	0.2	0.5	0.5	0.5 ^{6/}
Accounts receivable turnover ratio	(time)	37.4	55.1	73.2	69.3 ^{6/}
Average collection period	(day)	9.6	6.5	4.9	5.2
Inventories turnover ratio	(time)	253.5	265.2	251.5	237.0 ^{6/}
Average selling period	(day)	1.4	1.4	1.4	1.5
Accounts payable turnover ratio	(time)	144.5	99.1	64.7	89.7 ^{6/}
Repayment period	(day)	2.5	3.6	5.6	4.0
Cash cycle	(day)	8.5	4.3	0.8	2.7
Profitability ratio					
Gross profit margin	(%)	6.5	14.2	17.6	13.1
Operating profit margin ^{1/}	(%)	2.5	8.7	11.5	8.7
Cash to operating profit ratio ^{4/}	(%)	287.7	158.7	117.6	140.9
Net profit margin ^{2/}	(%)	0.7	3.7	5.8	3.8
Return on equity	(%)	0.9	5.4	9.0	4.7 ^{6/}
Efficiency ratio					
Return on assets	(%)	0.4	2.1	3.4	1.8 ^{6/}
Return on fixed assets	(%)	7.4	12.9	15.8	12.0 ^{6/}
Asset turnover	(time)	0.6	0.6	0.6	0.6 ^{6/}
Financial policy ratio					

		2014	2015	2016	2017 (Jan-Sep)
Debt to equity ratio	(time)	1.2	1.2	1.2	1.3
Interest coverage ratio ^{4/}	(time)	6.9	10.2	9.0	7.6
Commitment coverage ratio ^{3/,4/,5/}	(time)	0.8	0.9	0.7	1.0
Dividend pay-out	(%)	-	45.0	38.9	-

Note:

^{1/} Profit (Loss) before finance costs and income taxes divided by revenues from sales and services.

^{2/} Profit (Loss) attributable to owners of the parent divided by revenues from sales and services.

^{3/} Calculated from operating cash flow / (debt payment + capital expenditure + interest expense + asset acquisition + dividend payment)

^{4/} Classify cash payment for aircraft maintenance reserves in the statement of cash flows from operating activities to cash flows from investing activities.

^{5/} Include cash received from long-term loans to repay debts to existing financial institutions for termination of financial lease prior to maturity (Refinance)

^{6/} Being annualized for comparison purpose.

Table summarizing the operating results and financial position of Thai AirAsia Co., Ltd. for 2014-2016 and the first nine months of 2017

TAA's financial statements for 2014-2016 were audited by Mr. Chanchai Chaiprasit, Certified Public Accountant (Thailand) No. 3760, of PricewaterhouseCoopers ABAS Ltd., and the financial statements for the first nine months of 2017 were reviewed by Mr. Paiboon Tunkoon, Certified Public Accountant (Thailand) No. 4298, of PricewaterhouseCoopers ABAS Ltd.

Statements of financial position of Thai AirAsia Co., Ltd.

	Dec 31, 2014		Dec 31, 2015		Dec 31, 2016		Sep 30, 2017	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Assets								
Current assets								
Cash and cash equivalents	4,783.4	18.6	6,071.4	20.9	4,549.2	13.9	5,474.1	15.1
Cash at financial institutions pledged as security	6.1	0.0	358.7	1.2	1.6	0.0	-	-
Short-term investments	1,492.7	5.8	1,109.2	3.8	2,069.8	6.3	1,509.8	4.2
Investments in private funds	10.5	0.0	-	-	-	-	-	-
Trade and other receivables, net	631.0	2.5	439.2	1.5	445.1	1.4	523.9	1.4
Amounts due from related parties	68.2	0.3	326.2	1.1	804.8	2.5	891.1	2.5
Inventories	75.6	0.3	92.6	0.3	118.2	0.4	120.2	0.3
Prepaid expenses	270.0	1.1	314.8	1.1	322.2	1.0	309.3	0.9

	Dec 31, 2014		Dec 31, 2015		Dec 31, 2016		Sep 30, 2017	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Value added taxes receivable, net	86.8	0.3	-	-	-	-	-	-
Other current assets	39.4	0.2	61.7	0.2	332.7	1.0	223.4	0.6
Total current assets	7,463.8	29.1	8,773.8	30.2	8,643.6	26.4	9,051.8	25.0
Non-current assets								
Cash at financial institutions pledged as security	171.2	0.7	6.4	0.0	-	-	-	-
Long-term investments	1,297.8	5.1	11.8	0.0	10.4	0.0	10.4	0.0
Aircraft maintenance reserves	-	-	1,066.4	3.7	2,665.5	8.1	3,418.5	9.5
Aircraft, leasehold improvements and equipment, net	15,932.4	62.0	18,135.1	62.5	20,363.1	62.2	22,681.4	62.7
Intangible assets, net	11.5	0.0	12.2	0.0	15.5	0.1	33.5	0.1
Other non-current assets	812.7	3.2	1,001.8	3.5	1,040.7	3.2	980.4	2.7
Total non-current assets	18,225.5	70.9	20,233.8	69.8	24,095.2	73.6	27,124.2	75.0
Total assets	25,689.3	100.0	29,007.6	100.0	32,738.8	100.0	36,176.0	100.0
Current liabilities								
Trade accounts payable	175.2	0.7	335.8	1.2	489.0	1.5	252.2	0.7
Other accounts payable	192.2	0.7	194.6	0.7	340.3	1.0	400.9	1.1
Amounts due to related parties	472.7	1.8	917.9	3.2	437.5	1.3	384.1	1.1
Deferred revenues	4,629.2	18.0	4,030.2	13.9	4,238.1	12.9	4,704.9	13.0
Accrued expenses	1,371.4	5.3	1,515.0	5.2	1,888.0	5.8	1,841.9	5.1
Current portion of long-term borrowings from financial institutions	-	-	-	-	559.7	1.7	266.9	0.8
Current portion of finance lease liabilities	959.0	3.7	1,261.4	4.3	1,231.8	3.8	1,316.0	3.6
Other current liabilities	61.3	0.2	39.2	0.1	38.9	0.1	50.2	0.1
Total current liabilities	7,861.0	30.6	8,294.2	28.6	9,223.3	28.2	9,217.1	25.5
Non-current liabilities								
Long-term borrowings from financial institutions	-	-	-	-	1,273.0	3.9	632.0	1.7
Debentures	-	-	-	-	-	-	1,597.8	4.4
Finance lease liabilities	11,118.0	43.3	12,775.4	44.0	12,390.7	37.8	13,044.3	36.1
Deferred tax liabilities, net	351.8	1.4	511.9	1.8	307.4	0.9	280.2	0.8
Employee benefit obligations	157.5	0.6	168.9	0.6	255.0	0.8	297.2	0.8
Total non-current liabilities	11,627.3	45.3	13,456.3	46.4	14,226.1	43.5	15,851.5	43.8
Total liabilities	19,488.3	75.9	21,750.5	75.0	23,449.4	71.6	25,068.6	69.3
Equity								
Issued and paid-up share capital	435.6	1.7	435.6	1.5	435.6	1.3	435.6	1.2
Premium on share capital	2,628.8	10.2	2,628.8	9.1	2,628.8	8.1	2,628.8	7.3
Retained earnings (deficits):								
Appropriated - Legal reserve	-	-	43.6	0.2	43.6	0.1	43.6	0.1

	Dec 31, 2014		Dec 31, 2015		Dec 31, 2016		Sep 30, 2017	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Unappropriated	3,136.6	12.2	4,149.2	14.3	6,181.4	18.9	7,999.4	22.1
Total equity	6,201.0	24.1	7,257.1	25.0	9,289.4	28.4	11,107.4	30.7
Total liabilities and equity	25,689.3	100.0	29,007.6	100.0	32,738.8	100.0	36,176.0	100.0

Statements of comprehensive income of Thai AirAsia Co., Ltd.

	2014		2015		2016		2017 (Jan-Sep)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Revenues from sales and services	25,355.5	96.5	29,507.3	96.9	32,400.6	97.8	26,220.4	96.4
Cost of sales of goods and services	(23,694.7)	(90.2)	(25,298.8)	(83.0)	(26,672.0)	(80.5)	(22,767.3)	(83.7)
Gross profit	1,660.8	6.3	4,208.5	13.8	5,728.6	17.3	3,453.1	12.7
Net gain on exchange rates	126.0	0.5	-	-	-	-	246.1	0.9
Other income	793.2	3.0	955.3	3.1	729.0	2.2	733.0	2.7
Profit before expenses	2,580.0	9.8	5,163.8	17.0	6,457.6	19.5	4,432.2	16.3
Selling expenses	(1,180.1)	(4.5)	(1,494.0)	(4.9)	(1,507.5)	(4.6)	(1,117.2)	(4.1)
Administrative expenses	(747.1)	(2.8)	(862.7)	(2.8)	(1,125.5)	(3.4)	(1,045.2)	(3.8)
Net loss on exchange rates	-	-	(204.8)	(0.7)	(79.5)	(0.2)	-	-
Profit (Loss) before finance costs and income taxes	652.8	2.5	2,602.4	8.5	3,745.1	11.3	2,269.8	8.4
Finance costs	(312.8)	(1.2)	(457.1)	(1.5)	(520.8)	(1.6)	(479.0)	(1.8)
Profit before income taxes	340.1	1.3	2,145.3	7.0	3,224.3	9.7	1,790.8	6.6
Income tax revenues (expenses)	(4.8)	(0.0)	(154.3)	(0.5)	183.9	0.6	27.2	0.1
Profit for the year	335.3	1.3	1,991.0	6.5	3,408.2	10.3	1,818.0	6.7
Re-measurements of employee benefit obligations	11.7	0.0	29.2	0.1	(43.1)	(0.1)	-	-
Income taxes relating to components of other comprehensive income (expense) for the year	(2.3)	(0.0)	(5.8)	(0.0)	8.6	0.0	-	-
Comprehensive income for the year	344.6	1.3	2,014.4	6.6	3,373.8	10.2	1,818.0	6.7
Basic earnings (losses) per share	7.70		45.71		78.25		41.74	

Statements of cash flow of Thai AirAsia Co., Ltd.

(Unit: Baht million)

	2014	2015	2016	2017 (Jan-Sep)
Net cash generated from (used in) operating activities	1,845.4	4,071.7	4,336.3	3,243.4
Net cash generated from (used in) investing activities	2,025.4	(183.6)	(2,785.6)	(919.9)
Net cash generated from (used in) financing activities	(1,030.8)	(2,572.9)	(3,113.6)	(1,355.4)
Net increase (decrease) in cash and cash equivalents	2,840.0	1,315.2	(1,562.9)	968.1

Significant financial ratios of Thai AirAsia Co., Ltd.

		2014	2015	2016	2017 (Jan-Sep)
Liquidity ratio					
Current ratio	(time)	0.9	1.1	0.9	1.0
Quick ratio	(time)	0.9	0.9	0.8	0.8
Cash flow liquidity ratio ^{4/}	(time)	0.2	0.5	0.5	0.5 ^{6/}
Accounts receivable turnover ratio	(time)	37.4	55.1	73.3	69.3 ^{6/}
Average collection period	(day)	9.6	6.5	4.9	5.2
Inventories turnover ratio	(time)	327.8	300.8	253.1	237.0 ^{6/}
Average selling period	(day)	1.1	1.2	1.4	1.5
Accounts payable turnover ratio	(time)	144.4	99.0	64.7	89.6 ^{6/}
Repayment period	(day)	2.5	3.6	5.6	4.0
Cash cycle	(day)	8.2	4.1	0.8	2.7
Profitability ratio					
Gross profit margin	(%)	6.6	14.3	17.7	13.2
Operating profit margin ^{1/}	(%)	2.6	8.8	11.6	8.7
Cash to operating profit ratio ^{4/}	(%)	282.7	156.5	115.8	142.9
Net profit margin ^{2/}	(%)	1.3	6.7	10.5	6.9
Return on equity	(%)	5.6	29.6	41.2	17.5 ^{6/}
Efficiency ratio					
Return on assets	(%)	1.4	7.3	11.0	5.7 ^{6/}
Return on fixed assets	(%)	8.5	18.2	23.7	9.5 ^{6/}
Asset turnover	(time)	1.1	1.1	1.1	1.0 ^{6/}
Financial policy ratio					
Debt to equity ratio	(time)	3.1	3.0	2.5	2.3
Interest coverage ratio ^{4/}	(time)	6.9	10.2	9.0	7.7
Commitment coverage ratio ^{3/,4/,5/}	(time)	0.8	0.9	0.7	1.6
Dividend pay-out	(%)	-	48.1	39.3	-

Note:

^{1/} Profit (Loss) before finance costs and income taxes divided by revenues from sales and services.

- ^{2/} Net income divided by revenues from sales and services.
- ^{3/} Calculated from operating cash flow / (debt payment + capital expenditure + interest expense + asset acquisition + dividend payment)
- ^{4/} Classify cash payment for aircraft maintenance reserves in the statement of cash flows from operating activities to cash flows from investing activities.
- ^{5/} Include cash received from long-term loans to repay debts to existing financial institutions for termination of financial lease prior to maturity (Refinance)
- ^{6/} Being annualized for comparison purpose.

AAV operates as a holding company, currently investing in TAA only and holding 55% of TAA's shares.

TAA engages in a low-cost carrier business with a single fleet type of Airbus A320, generating revenues from scheduled passenger services and ancillary services, details of which are as follows:

AAV's and TAA's operating results and financial position can be summarized as follow;”

Analysis of operating results and financial position of Asia Aviation Plc.

Operating results of AAV in 2014-2016 and the first nine months of 2017

In 2015, AAV recorded total revenues of Baht 29,507.3 million, increasing by Baht 4,151.8 million or 16% from Baht 25,355.5 million in the same period of 2014. Profit before finance costs and income taxes amounted to Baht 2,566.4 million, jumping by Baht 1,923.6 million or 299% year-on-year. Thus, net profit attributable to owners of the parent for 2015 amounted to Baht 1,078.5 million, with a net profit margin of 3.7% and basic earnings per share of Baht 0.22.

In 2016, the Company's revenues grew by Baht 2,893.3 million or 10% from Baht 29,507.3 million in 2015 to Baht 32,400.6 million, whereas profit before finance costs and income taxes soared by Baht 1,160.5 million or 45% year-on-year to Baht 3,726.9 million. As a result, net profit attributable to owners of the parent stood at Baht 1,869.5 million in 2016, with a net profit margin of 6% and basic earnings per share of Baht 0.39.

For the first nine months of 2017 (9M/2017), the Company recorded total revenues of Baht 26,220.4 million, up by Baht 1,366.6 million or 5% from Baht 24,853.8 million in the same period of 2016. Profit before finance costs and income taxes amounted to Baht 2,269.5 million, declining by Baht (1,324.3) million or (37)% compared to the same period of 2016. Therefore, net profit attributable to owners of the parent accounted for Baht 1,001.9 million in such period, with a net profit margin of 4% and basic earnings per share of Baht 0.21.

Financial position of AAV as at the end of 2014-2016 and the end of Q3/2017

Assets

As at December 31, 2015, the Company had total assets of Baht 52,826.5 million, growing by Baht 3,324.7million or 7% compared with the year ended December 31, 2014, with return on assets (ROA) of 2.1%. Such asset growth was contributed by (1) an increase in current assets of Baht 1,336.7 million, mainly from an increase in cash and

cash equivalents of Baht 1,333.7 million; and (2) an increase in non-current assets of Baht 1,988.0 million, resulting from a rise in aircraft, leasehold improvements and equipment-net of Baht 2,182.8 million, due to two aircraft under finance lease agreements being delivered in 2015 to support the opening of new route especially on domestic route.

As at December 31, 2016, total assets grew by Baht 3,772.9 million or 7% to Baht 56,599.4 million from the end of 2015, with ROA of 3.4%. The asset growth was ascribed to (1) a drop in current assets of Baht (69.6) million, resulting from a decrease in cash and cash equivalents of Baht (1,461.5) million due to purchase of two aircraft under finance lease agreements to support the future business expansion, an increase in short-term investments of Baht 960.6 million due to investment in fixed deposits, and an increase in amounts due from related parties of Baht 478.6 million; and (2) an increase in non-current assets of Baht 3,842.5 million, as a result of an increase in aircraft, leasehold improvements and equipment-net of Baht 2,209.3 million, due to two aircraft under finance lease agreements being delivered in 2016, and an increase in aircraft maintenance reserves of Baht 1,599.1 million in relation to the increase in flight hours.

As at September 30, 2017, total assets amounted to Baht 59,985.1 million, increasing by 6% compared to the year ended December 31, 2016, and ROA stood at 1.8%. This was attributed to (1) an increase in current assets of Baht 362.9 million, from an increase in cash and cash equivalents of Baht 878.8 million due to cash flow generated from the operating results during the period, with a decrease in short-term investments of Baht (559.9) million mainly caused by fixed deposits reaching the maturity date; and (2) an increase in non-current assets of Baht 3,022.8 million, due to an increase in aircraft, leasehold improvements and equipment-net of Baht 2,312.1 million, which resulted from purchase of two aircraft under finance lease agreements in this period to support the future business expansion, and an increase in aircraft maintenance reserves of Baht 753.0 million in relation to the increase in flight hours.

Liabilities

As at December 31, 2015, total liabilities amounted to Baht 24,743.4 million, increasing by Baht 2,257.5 million or 10% compared with year-end 2014. Such increase was attributable to (1) an increase in current liabilities of Baht 431.7 million, mainly from an increase in amounts due to related parties and current portion of finance lease liabilities of Baht 445.2 million and Baht 302.4 million, respectively, with a decrease in deferred revenues of Baht (599.0) million according to the change of customers' behavior in order to book a ticket in advance; and (2) an increase in non-current liabilities of Baht 1,825.8 million, mainly from an increase in finance lease liabilities of Baht 1,657.4 million due to two additional aircraft under finance lease agreements being delivered in 2015.

As at December 31, 2016, total liabilities rose from year-end 2015 by Baht 1,735.8 million or 7% to Baht 26,479.2 million. This was caused by (1) an increase in current liabilities of Baht 973.6 million, resulting from an increase in current portion of long-term loans of Baht 559.7 million due to a long-term clean loan raised from local financial institution to refinance the finance lease liabilities for two aircraft and two aircraft engines, and an increase in accrued expenses from purchase of aircraft spare parts and in deferred revenues from the ticket selling in advance of Baht 373.6 million and Baht 207.9 million, respectively, with a decrease in amounts due to related parties of Baht (487.1) million; and (2) an increase in non-current liabilities of Baht 762.2 million, resulting from an increase in long-term loans of Baht 1,273.0 million, with a drop in finance lease liabilities of Baht (384.7) million after the refinance of finance lease

liabilities for two aircraft and two aircraft engines despite the receipt of two additional aircraft under finance lease agreements in 2016.

As at September 30, 2017, total liabilities amounted to Baht 28,047.0 million, increasing by 6% compared to year-end 2016. This was attributed to (1) a decrease in current liabilities of Baht (57.3) million, mainly from a decrease in current portion of long-term borrowings from financial institutions and trade accounts payable of Baht (292.8) million and Baht (236.8) million, respectively, despite an increase in deferred revenues of Baht 466.8 million; and (2) an increase in non-current liabilities of Baht 1,625.2 million, mainly from the issuance of debentures of Baht 1,600.0 million with the proceeds thereof to be used for general business investment and/or for loan repayment and/or for working capital, and an increase in finance lease liabilities of Baht 653.6 million owing to two aircraft under finance lease agreements being delivered in 9M/2017 despite the early termination of finance lease agreement for one aircraft, with a drop in long-term borrowings from financial institutions of Baht (641.0) million due to repayment of long-term loans from banks.

Equity

As at December 31, 2015, total equity amounted to Baht 28,083.2 million, growing by Baht 1,067.3 million or 4% compared with year-end 2014, resulting from the operating results during the period. Nevertheless, AAV announced the interim dividend payment for the period January 1, 2015 to August 31, 2015 at the rate of Baht 0.10 per share, totaling Baht 483.1 million which was paid to the shareholders on September 29, 2015. In addition, the Company set aside a legal reserve of Baht 26.5 million. Hence, equity attributable to owners of the parent and non-controlling interests as at year-end 2015 amounted to Baht 20,142.4 million and Baht 7,940.8 million, respectively, with the return on equity (ROE) of 5.4%.

As at December 31, 2016, total equity amounted to Baht 30,120.2 million, an increase of Baht 2,037.0 million or 7% compared with year-end 2015, resulting from the operating results during the period. Nevertheless, the Company announced the interim dividend payment for 2016 results at the rate of Baht 0.15 per share, totaling Baht 722.4 million which was paid to the shareholders on December 7, 2016. The Company also set aside a legal reserve of Baht 22.0 million. Equity attributable to owners of the parent and non-controlling interests as at year-end 2016 amounted to Baht 21,270.5 million and Baht 8,849.7 million, respectively, with ROE standing at 9.0%.

As at September 30, 2017, total equity amounted to Baht 31,938.0 million, an increase of 6% compared with year-end 2016, resulting from the operating results during the period. Equity attributable to owners of the parent and non-controlling interests ended this period amounted to Baht 22,272.4 million and Baht 9,665.6 million, respectively, with ROE of 4.7%.

Analysis of operating results and financial position of Thai AirAsia Co., Ltd.

Operating results of TAA in 2014-2016 and the first nine months of 2017

In 2015, TAA recorded total revenues of Baht 29,507.3 million, increasing by 16% from Baht 25,355.5 million in 2014 primarily due to an increase in number of passengers carried to 14.8 million or 22% against the year-on-year

growth of 19% in capacity. Meanwhile, the load factor was up by 1 percentage point (ppt) to 81% compared with the same period of 2014. Additionally, ancillary revenues amounted to Baht 4,851.7 million, rising by 11% from 2014 mainly resulting from an increase in baggage handling fees, connecting flight (Fly-Thru) fees and inflight revenues, especially meals and merchandises. Nevertheless, the average fare in 2015 fell by (3)% year-on-year to Baht 1,667 per passenger, caused by the cancellation of fuel surcharge fees since the beginning of 2015. Thus, the average fare excluding fuel surcharge fees in 2015 stood at Baht 1,628 per passenger, up by 3% from Baht 1,583 per passenger in 2014.

Net profit for 2015 amounted to Baht 1,991.0 million, growing from Baht 335.3 million in 2014. It was primarily ascribed to a plunge in global fuel price, which benefited TAA's operating results as fuel costs accounted for 36% of its total costs. Nonetheless, there was an increase in finance costs from the interest payment for two additional aircraft under finance lease agreements, thereby expanding its fleet to 14 aircraft by the end of 2015. In addition, TAA recorded net unrealized loss on exchange rates of Baht (204.8) million, since the baht had weakened against US dollar throughout the year.

In 2016, TAA's total revenues rose by 10% from Baht 29,507.3 million in 2015 to Baht 32,400.6 million, driven mainly by 16% growth in number of passengers to 17.2 million in 2016, outpacing the 12% year-on-year increase in capacity. The load factor went up by 3 ppt to 84% compared with the same period of 2015. At the same time, TAA was delivered six additional aircraft to cater to the expansion of new routes and frequencies to well-performed destinations, thereby pushing the available seat kilometers (ASK) up by 14% year-on-year. However, the average fare dropped year-on-year by (6)% to Baht 1,565 per passenger on account of the competitive aviation market, impacts of the strict control over tourism business.

Net profit for 2016 amounted to Baht 3,408.2 million, soaring by 71% year-on-year chiefly attributed to a drop in global fuel price, which benefited TAA's operating results as fuel costs accounted for 28% of its total costs. TAA recorded an adjustment to the deferred tax liabilities arising from the refinance of finance lease liabilities for aircraft and aircraft engines, which led to a decline in its corporate income tax in 2016. Total comprehensive income for 2016 was Baht 3,373.8 million, resulting from re-measurements of employee benefit obligations of Baht (43.1) million and income taxes relating to components of other comprehensive income (expense) of Baht 8.6 million.

For 9M/2017, TAA's revenues amounted to Baht 26,220.4 million, rising by 5% from Baht 24,853.8 million in 9M/2016 primarily due to an increase in number of passengers carried to 14.5 million or 13% in 9M/2017, which was higher than 10% year-on-year growth in capacity. TAA had five aircraft delivered, compared to 9M/2016, in support for expansion of new routes and frequencies to well-performed destinations, leading to a year-on-year increase of 6% in ASK. However, the charter flight revenues dropped by (30)% year-on-year to Baht 1,196.2 million due to a decrease in number of charter flights as aforementioned, leading the average fare per passenger to fall by (7)% to Baht 1,502 compared to the same period last year.

Net profit/Total comprehensive income for 9M/2017 accounted for Baht 1,818.0 million, plunging by (45)% from 9M/2016 with a 14% increase in cost of sales of goods and services. The rise of the expenses was due to an increase in global crude oil price, which relatively affected TAA's operating results as fuel costs are the main cost of operation, making up 31% of its total expenses. In addition, selling and administrative expenses slightly increased mainly from the

staff costs. However, TAA recorded net unrealized gain on exchange rates of Baht 246.1 million due to the baht strengthening against the US dollar. Besides, the deferred tax liabilities adjustment in 9M/2017 was lower than 9M/2016 as TAA early terminated the finance lease agreement for only one aircraft in this period compared with the early termination of two aircraft and two aircraft engines under finance lease agreements in 9M/2016 as aforementioned.

Financial position of TAA as at the end of 2014-2016 and the end of Q3/2017

Assets

As at December 31, 2015, TAA had total assets of Baht 29,007.6 million, increasing by Baht 3,318.3 million or 13% from the end of 2014. Such asset growth was driven by (1) an increase in current assets of Baht 1,310.0 million, mainly from an increase in cash and cash equivalents of Baht 1,287.9 million; and (2) an increase in non-current assets of Baht 2,008.3 million, mainly from an increase in aircraft, leasehold improvements and equipment-net of Baht 2,202.7 million, due to two aircraft under finance lease agreements being delivered in 2015 to support the opening of new route especially on domestic route, and an increase in aircraft maintenance reserve.

As at December 31, 2016, total assets grew by Baht 3,731.2 million or 13% to Baht 32,738.8 million from the end of 2015. The asset growth was ascribed to (1) a drop in current assets of Baht (130.2) million, resulting from a decrease in cash and cash equivalents of Baht (1,522.2) million due to purchase of two aircraft under finance lease agreements to support the future business expansion, an increase in short-term investments of Baht 960.6 million due to investment in fixed deposits, and an increase in amounts due from related parties of Baht 478.6 million; and (2) an increase in non-current assets of Baht 3,861.4 million, as a result of an increase in aircraft, leasehold improvements and equipment-net of Baht 2,228.0 million, due to two aircraft under finance lease agreements being delivered in 2016, and an increase in aircraft maintenance reserves of Baht 1,599.2 million in relation to the increase in flight hours.

As at September 30, 2017, total assets amounted to Baht 36,176.0 million, increasing by 10% compared to year-end 2016. This was attributed to (1) an increase in current assets of Baht 408.2 million, from an increase in cash and cash equivalents of Baht 924.9 million due to cash flow generated from the operating results during the period, with a decrease in short-term investments of Baht (560.0) million mainly caused by fixed deposits reaching the maturity date; and (2) an increase in non-current assets of Baht 3,029.0 million, due to an increase in aircraft, leasehold improvements and equipment-net of Baht 2,318.3 million, which resulted from purchase of two aircraft under finance lease agreements in this period to support the future business expansion, and an increase in aircraft maintenance reserves of Baht 753.0 million in relation to the increase in flight hours.

Liabilities

As at December 31, 2015, total liabilities amounted to Baht 21,750.5 million, increasing by Baht 2,262.2 million or 12% compared with year-end 2014. Such increase was attributable to (1) an increase in current liabilities of Baht 433.2 million, mainly from an increase in amounts due to related parties and current portion of finance lease liabilities of Baht 445.2 million and Baht 302.4 million, respectively, with a decrease in deferred revenues of Baht (599.0) million according to the change of customers' behavior in order to book a ticket in advance; and (2) an increase in non-current liabilities of

Baht 1,829.0 million, mainly from an increase in finance lease liabilities of Baht 1,657.4 million due to two additional aircraft under finance lease agreements being delivered in 2015.

As at December 31, 2016, total liabilities rose from year-end 2015 by Baht 1,698.9 million or 8% to Baht 23,449.4 million. This was caused by (1) an increase in current liabilities of Baht 929.1 million, resulting from an increase in current portion of long-term loans of Baht 559.7 million due to a refinance of the finance lease liabilities for two aircraft and two aircraft engines, and an increase in accrued expenses from purchase of aircraft spare parts and in deferred revenues from the ticket selling in advance of Baht 373.0 million and Baht 207.9 million, respectively, with a decrease in amounts due to related parties of Baht (480.4) million; and (2) an increase in non-current liabilities of Baht 769.8 million, resulting from an increase in long-term loans of Baht 1,273.0 million, with a drop in finance lease liabilities of Baht (384.7) million after the refinance of finance lease liabilities for two aircraft and two aircraft engines despite the receipt of two additional aircraft under finance lease agreements in 2016.

As at September 30, 2017, total liabilities amounted to Baht 25,068.6 million, increasing by 7% compared to year-end 2016. This was attributed to (1) a decrease in current liabilities of Baht (6.2) million, mainly from a decrease in current portion of long-term borrowings from financial institutions and trade accounts payable of Baht (292.8) million and Baht (236.8) million, respectively, despite an increase in deferred revenues of Baht 466.8 million; and (2) an increase in non-current liabilities of Baht 1,625.4 million, mainly from the issuance of debentures of Baht 1,600.0 million with the proceeds thereof to be used for general business investment and/or for loan repayment and/or for working capital, and an increase in finance lease liabilities of Baht 653.6 million owing to two aircraft under finance lease agreements being delivered in 9M/2017 despite the early termination of finance lease agreement for one aircraft, with a drop in long-term borrowings from financial institutions of Baht (641.0) million due to repayment of long-term loans from banks.

Equity

As at December 31, 2015, TAA's total equity amounted to Baht 7,257.1 million, an increase of Baht 1,056.1 million or 17% from the end of 2014 resulting from the operating results during the period. However, TAA announced the interim dividend payment at the rate of Baht 22 per share, totaling Baht 958.2 million which was paid to the shareholders on August 19, 2015. In addition, TAA set aside a legal reserve of Baht 43.6 million. Its interest bearing debt-to-equity ratio and net gearing ratio as at December 31, 2015 were 1.93x and 0.94x, respectively. TAA has a policy to manage its net gearing ratio at less than 2x in order to maintain a strong capital structure in the competitive market.

As at December 31, 2016, total equity grew by Baht 2,032.3 million or 28% from the end of 2015 to Baht 9,289.4 million, ascribed to the operating profit for the period. However, TAA announced the interim dividend payment at the rate of Baht 30.80 per share, totaling Baht 1,341.5 million which was paid to the shareholders on November 11, 2016.

TAA's interest bearing debt-to-equity ratio and net gearing ratio as at December 31, 2016 stood at 1.66x and 0.95x, respectively. TAA has a policy to manage its net gearing ratio at less than 2x in order to maintain a strong capital structure in the competitive market.

As at September 30, 2017, TAA had total equity of Baht 11,107.4 million, which grew by 20% from the end of 2016 due to the operating profit for the period. Interest bearing debt-to-equity ratio and net gearing ratio as at September 30, 2017 stood at 1.52x and 0.89x, respectively. TAA has a policy to manage its interest bearing debt-to-equity ratio at less than 2x in order to maintain a strong capital structure in the competitive market.

Forecast of future performance

As indicated in the tender offer (Form 247-4), the Offeror has no intention to materially change the business objective, business operation plan or policy or dividend policy within the next 12 months and will continue TAA's business as a low-cost carrier in the name "Thai AirAsia" to provide scheduled passenger services, ancillary services and other services as usual.

However, if the occasion serves and aligns with business strategy of the Company, the Offeror may arrange for the Company, its subsidiaries or associated companies to undertake business acquisition, merger or restructure within 12 months from the end of the tender offer period. The Offeror has not made any agreement with regard to such matters and will therefore ensure they are carried out in compliance with relevant laws and regulations such as the seeking of approval from the shareholders' meeting.

Considering that there will be no material change in the business operation of the Company and the Subsidiary as mentioned above, the Company therefore forecasts that the business performance of the Company and TAA will hinge on the recovery and ongoing growth in tourism sector, oil prices and interest rates, assuming that the fundamental factors and impacts from risks to which the Company and TAA are exposed will not change significantly from the current status. For 2018, the Company and TAA set a 15% year-on-year growth target in number of passengers and maintain the load factor at 87% with 13 flight hours in a bid to remain No. 1 low cost carrier with the largest market share in this business.

The Tourism Council of Thailand predicts that, given there are no irregular events erupting, international tourist arrivals in Thailand will reach 37.2 million - 37.9 million in 2018, an increase of 5% - 7% compared with 2017. Moreover, the International Civil Aviation Organization (ICAO)'s removal of its red flag against Thailand and the Civil Aviation Authority of Thailand (CAAT) over safety concerns in October 2017 will likely augur well for the country's tourism industry, particularly for the airline business which will be able to increase number of flights and expand their international routes.

Oil prices in 2018 will potentially stay at a high level as the OPEC and non-OPEC members have agreed to extend the deal to limit oil production from March 2018 to the end of the year, which will push down crude oil supply and probably lead to a hike in costs of the Company and the Subsidiary. TAA believes it is able to manage costs if oil prices are high but stable. Nevertheless, TAA adopts a risk hedging policy by making a forward contract on its fuel purchase in order to lessen the impact of oil price fluctuation.

In addition, the Company and TAA may have to incur new debts in the future in their fund-raising for aircraft procurement and business expansion. As such, the increase in interest expenses will likely lead them to bear a higher borrowing cost in the future since it is likely that the US Federal Reserve will gradually raise interest rates in the future.

To cope with the interest rate volatility, the Company and the Subsidiary will negotiate for a partially fixed interest rate in finance lease agreements and will use financial tools when necessary.

2. Opinion on the accuracy of the Company’s information shown in the tender offer

The Company’s Board of Directors is of the opinion that the information relating to the Company as presented in the tender offer (Form 247-4) dated January 8, 2018 is accurate in material respect.

3. Any relationship or agreement between the Company’s director/s, whether on his/their own behalf or in capacity as the Company’s director/s or as the Offeror’s representative/s, and the Offeror, including the shareholding by the Company’s director/s in the Offeror’s juristic entity and any contract or agreement made or to be made between them in various aspects (such as administration, etc.)

3.1 Relationship between the Company’s directors and the Offeror

–The offeror is one of the company’s directors

3.2 Shareholding by the Company’s directors in the juristic entity of the Offeror, persons in the same group as the Offeror and persons under Section 258 of the Offeror

Persons under Section 258 of the Offeror as following table :

No.	Person pursuant to Section 258	Relationship with the Offeror
1	Thai AirAsia X Company Limited	The Offeror and Person under section 258 hold 46.00%
2	Bangkok Aviation Center Company Limited	The Offeror and Person under section 258 hold 50.00%
3	Wealth Ventures Company Limited	The Offeror and Person under section 258 hold 66.44%
4	Suadam Corporation Company Limited	The Offeror and Person under section 258 hold 35.00%
5	Kampee Corporation Company Limited	The Offeror and Person under section 258 hold 49.99%
6	Kampee Logistics Company Limited	The Offeror and Person under section 258 hold 49.99%
7	Evermore Asset Company Limited	The Offeror and Person under section 258 hold 50.00%

3.3 Related party transactions

In 2016 and January-September 2017, the Offeror entered into related party transactions with the Company and the Subsidiary, details of which are shown in the below table:

Individual/Juristic person with possible conflict of interest	Relationship as of Sep 30, 2017	Type of transaction	2016	2017 (Jan-Sep)	Reasonableness of the transaction	
1. Thai AirAsia X Co., Ltd. ("TAAX")	The Offeror holds 46.00% of TAAX's shares and also acts as its director.	Passenger revenues received on behalf of members within AirAsia group:			TAAX shares the reservation and booking system within AirAsia group in order to provide customers with convenience in booking tickets across the AirAsia network through AirAsia's website, counters and sales agencies. Thus, they will receive passenger revenues on behalf of each other only in case of payment made in foreign currencies due to the limitation of banks' payment gateway in transferring passenger revenues to the owner of such revenues.	
		1) Passenger revenues received by TAAX on behalf of TAA	110.87	64.14		
		2) Accounts receivable that TAAX received on behalf	37.32	10.07		
		3) Passenger revenues received by TAA on behalf of TAAX	1,314.97	1,033.79		
		4) Accounts payable that TAAX received on behalf	97.22	187.84		
		Advance payment within AirAsia group:				To enhance operational efficiency and management services within AirAsia group, the advance payment will be made by the party who initiated the route and entered into contract with airport, as well as 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 reimbursement based on actual expense.
		1) Advance payment by TAA on behalf of TAAX	110.74	147.72		
		2) Receivable on advance payment - TAAX	4.44	46.44		
		3) Advance payment by TAAX on behalf of TAA	0.02	3.96		
				4) Accounts payable that TAAX received on behalf		-
2. Bangkok Aviation Center Co., Ltd. ("BAC")	The Offeror holds 50.00% of BAC's shares.	Cooperation in commercial pilot training	-	-	TAA and BAC mutually signed an MOU for sending pilot students to train commercial pilot license (CPL) and training employees to be pilots of TAA's airline. The pilot students are responsible for their own tuition fee to BAC, whereas TAA does not have to make any payment to BAC.	
		Cooperation in the Student Aircraft Mechanic Training Program	-	-	In 2017, TAA, BAC and Rajamangala University of Technology Krungthep (RUTK) signed an MOU on academic cooperation, whereby TAA agrees to recruit and provide staff to be aircraft technicians	

Individual/Juristic person with possible conflict of interest	Relationship as of Sep 30, 2017	Type of transaction	2016	2017 (Jan-Sep)	Reasonableness of the transaction
					for the airline and BAC agrees to provide training for them. In this respect, BAC will hire personnel and rent tools, equipment and premises of RUTK for such training. Those employees are responsible for all tuition fees and expenses, whereas TAA does not have to make any payment to BAC.
		Rental fees for simulation flights of A320 FSTD Type VI	4.66	3.30	In order to increase the efficiency and experience in aviation training for commercial pilot students, TAA has added the additional flight simulation - A320 FSTD Type VI aircraft course to practice commercial pilot students to increase their capability and efficiency in flying skills. BAC is an aviation school which has the equipment and expertise in flight simulation. TAA has hired BAC as the trainer for the commercial pilot students and TAA is responsible for all expenses incurred relating to such training.
3. Wealth Ventures Co., Ltd. (“Wealth Ventures”)	The Offeror holds 66.44% of Wealth Ventures’ shares.	Expenses for room services and meeting room services at Mercure Hotel Bangkok, Makkasan, for TAA’s employees	-	0.29	Mercure Hotel is located in the inner city area of Bangkok and easily accessible via MRT Makkasan Station and Phetchaburi Station. It offers room services with complete facilities and its payment terms are in line with TAA’s policy.

Source: Form 247-4

TAA has entered into commercial service agreement with TAAX. The summary of contract is as follow.

Name of Contract	Commercial Services Agreement
Contract Parties	Thai AirAsia Co.,Ltd. (“TAA”) Thai AirAsia X Co.,Ltd. (“TAAX”)
Contract Period	1 January 2017 – 31 December 2019
Important Commercial Service Agreement	Service related to administration and management in the area of common use, such as booking and ticketing channel , information technology, marketing and promotion, etc.
Price Condition	Normal business practice under Arm’s Length Basis and charge fee base on actual usage.

Within 12 months from the end of the tender offer period, the Offeror has not planned to make any material change in type and size of the existing related party transactions under the policy on related party transactions of the Company and the Subsidiary. However, the Offeror will carefully consider and ensure that terms and conditions of the present and future related party transactions are similar to those of normal business transactions conducted on an arm's-length basis or comply with rules and regulations regarding connected transactions of the SEC, regulations of the SET and/or other relevant laws.

3.4 Other mutual agreements or contracts

As at December 25, 2017, Mr. Tassapon Bijleveld entered into the Securities Sale and Purchase Agreement with the seller group for 1,761,588,286 shares of the Company, representing 36.32% of total issued and paid-up shares and total voting rights of the Company. The significant terms and conditions of such agreement are as follows:

Contract	Securities Sale and Purchase Agreement of Asia Aviation Plc.
Parties	Sellers: 1) Mr. Vichai Srivaddhanaprabha, 2) Mr. Aiyawatt Srivaddhanaprabha, 3) Ms. Voramas Srivaddhanaprabha, 4) Mr. Apichet Srivaddhanaprabha, and 5) Ms. Aroonrung Srivaddhanaprabha Purchaser: Mr. Tassapon Bijleveld
Date of contract	December 25, 2017
Date of sale of securities	December 27, 2017
Securities sold	1,761,588,286 ordinary shares of the Company (“Agreement Shares”) at par value of Baht 0.10 (ten satang) per share held by the Sellers, representing approximately 36.32% of the total voting rights of the Company
Purchase price	Baht 4.70 per share, totaling Baht 8,279,464,944.20
Pre-closing undertakings	1) There are no laws issued or amended by government or any government agencies after the date of contract which result or may result in the selling and purchasing of securities according to the contract or other related transactions being against the law. 2) The Offeror and the Sellers shall proceed to hold meeting of the board of directors of the Company and meetings of the board of directors and shareholders of the Subsidiary of the Company to consider and approve the following agenda items: (1) Appointment of three persons and two persons, designated by the Purchaser, to be the new directors of the Company and the Subsidiary of the Company in replacement of the resigning directors of the Company and the Subsidiary of the Company, respectively (2) Change of the authorized directors of the Company and the Subsidiary of the

Contract	Securities Sale and Purchase Agreement of Asia Aviation Plc.
	Company to be the authorized directors designated by the Purchaser (3) Change of the authorized persons to withdraw and pay cheques from all bank accounts of the Company and the Subsidiary of the Company to be as designated by the Purchaser
Post-closing undertakings	The Sellers must arrange for Mr. Sombat Dechapanichkul to resign as director of the Company and send the resignation letter to the Purchaser immediately after the completion of the sales and purchase transaction. (Currently, Mr. Sombat Dechapanichkul has resigned from the director of the company and Mr. Preechaya Rasametaniin has been appointed as director to replace the resigned director.)
Legal advisor of the Offeror	None
Legal advisor of the Major Shareholders	The Capital Law Office Limited

4. Opinion of the Board of Directors of the Company to the securities holders

The Board of Directors' Meeting of the Company No. 1/2561 held on January 23, 2018 considered the tender offer (Form 247-4) proposed by the Offeror and the opinion report of Advisory Plus Co., Ltd., the independent financial advisor to the shareholders, regarding such tender offer. Details of the directors who attended such meeting are as follows:

	Name	Position	Interest in the tender offer
1.	Mr. Arak Chonlatanon	Chairman of the Board/Chairman of the Audit Committee/Independent Director	✗
2.	Mr. Nuttawut Phowborom	Director/Audit Committee Member/Independent Director	✗
3.	Mr. Kasemsit Pathomsak	Director/Audit Committee Member/Independent Director	✗
4.	Mr. Tassapon Bijleveld	Director	✓
5.	Mr. Santisuk Klongchaiya	Director	✓
6.	M.L. Bovornnavathep Devakula	Director	✓
7.	Mr. Phairat Pornpathananagoon	Director	✓
8.	Captain Tanapat Ngamplang	Director	✓
9.	Mr. Preechaya Rasametaniin	Director	✓

A total of nine directors were present at such meeting, thus constituting a quorum. However, six of them, comprising Mr. Tassapon Bijleveld, who is the Offeror, and five directors who are representatives of the Offeror, namely (1)

Mr. Santisuk Klongchaiya, (2) M.L. Bovornnavathep Devakula, (3) Mr. Phairat Pornpathananagoon, (4) Captain Tanapat Ngamplang and (5) Mr. Preechaya Rasametnin, have interests in this tender offer and, thus, abstained from voting and did not participate in the consideration of this agenda. The remaining three directors, (1) Mr. Arak Chonlatanon, (2) Mr. Nuttawut Phowborom and (3) Mr. Kasemsit Pathomsak, who have no interests in this transaction unanimously resolved to recommend the shareholders to reject the tender offer on the following grounds:

4.1 Reasons to accept and/or reject the tender offer

The Company's Board of Directors has considered the tender offer (Form 247-4) and the opinion rendered by the shareholders' advisor, Advisory Plus Co., Ltd. ("the Independent Financial Advisor or IFA"), and agreed with the IFA that the tender offer and the offer price are not appropriate. The Board of Directors therefore unanimously resolved to recommend the shareholders to **reject the tender offer** based on the following reasons:

- 1) The offer price of Baht 4.70 per share is deemed not reasonable according to the opinion of the IFA. This is because a fair value of AAV shares as measured by the IFA, using the market value approach and discounted cash flow approach which are suitable methods for such share valuation, is in a range of Baht 5.49 – 7.80 per share which is higher than the offer price of Baht 4.70 per share by Baht 0.79-3.10 per share or 16.87% - 65.93% of the offer price.
- 2) The minority shareholders who wish to sell the shares should take the trading price of AAV shares on the SET as a basis for decision-making. If the said trading price is higher than the offer price proposed by the Offeror, they may alternatively sell the shares on the SET.

The above opinion of the Board of Directors should be used simply as a basis for consideration by the shareholders. In deciding whether to accept or reject the tender offer, the shareholders are recommended to analyze all relevant information, together with the IFA's opinion. The final decision depends primarily on the shareholders' individual judgment.

4.2 Opinions and reasons of the individual directors and number of shares held by each of them (only in case where the board opinion in 4.1 is not unanimous)

- None -

4.3 Benefits or impacts from the plans and policies indicated in the tender offer and the viability of such plans and policies

Company status

The Offeror has no intention to delist the Company's securities from the SET in the next 12 months from the end of the tender offer period, except for the following cases:

1. The Company is not able to maintain the listing status in accordance with the regulations of the SET and must delist its ordinary shares in order to comply with applicable laws and regulations effective at that time.

2. There is a restructuring of the Company, which results from the approval of the shareholders' meeting of the Company and the Company is required to delist its securities from the SET in order to comply with applicable laws and regulations effective at that time.

Opinion of the Board of Directors

The Board of Directors is of the opinion that since the Company will continue to be a listed entity on the SET, the Company and its shareholders will by no means be affected by a change in the listing status or by a delisting of the Company's shares during such period. At the same time, there will be no impact on the shareholders who intend not to sell their shares in this tender offer with respect to a secondary market for trading the Company's shares.

However, if after the tender offer the Offeror could acquire a substantial amount of shares until the amount and percentage of minority shareholding of the Company have decreased significantly, it may affect the share trading liquidity. Moreover, the Company could be exposed to risk associated with its qualification for maintaining the listing status by fulfilling the SET's free float requirement, whereby the Company's shares must be distributed to not fewer than 150 minority shareholders with their aggregate shareholding not less than 15% of the paid-up capital of the Company. If this happens, however, the Board of Directors believes that the Offeror may consider selling a part of the Company's shares so as to maintain the trading liquidity and satisfy the free float requirement.

Besides, if after the tender offer there is a material change in the Company's business structure which necessitates a delisting of its securities, the Company must seek prior approval from the shareholders' meeting with required affirmative votes of at least three-fourths of the total issued shares, whereby the minority shareholders have the right to vote approve or against such business restructuring and securities delisting. However, if this is approved by the shareholders, it should comply with applicable laws and regulations effective at that time.

Plan on sale of the Company's shares

As at the tender offer date, the Offeror has no intention to sell or transfer a substantial amount of securities of the Company within 12 months from the end of the tender offer period, except for the following cases:

1. The Offeror is obligated to comply with applicable laws and/or regulations effective at that time.
2. The Offeror sells or transfers shares to persons under Section 258 of the Securities and Exchange Act B.E. 2535.
3. There is a restructuring of the Company, which results from the approval of the shareholders' meeting of the Company.
4. The Offeror may sell a part of the Company's securities as deemed fit in order to relieve financial burden or due to the need to make loan prepayment or due to the enforcement of collateral in case of failure to fulfill terms and conditions in credit facility agreements.

Opinion of the Board of Directors

The Board of Directors is of the opinion that there will be no impact on the minority shareholders of the Company from the plan on sale of the Company's shares because, as indicated in the tender offer (Form 247-4), the Offeror has no intention to sell a substantial amount of the Company's shares within 12 months from the end of the tender offer period, except for the following cases:

- 1) The Offeror is obligated to comply with applicable laws and/or regulations effective at that time. In this case, the Board of Directors views that this will happen when the Company fails to fully meet the qualification for maintaining the listing status with respect to the free float requirement. If this happens, the Offeror will consider a partial sale of the Company's shares so as to maintain the trading liquidity and satisfy the SET's free float requirement, while still retaining his major shareholding in the Company. As such, the minority shareholders will benefit from the Company's shares becoming more liquid.
- 2) The Offeror sells or transfers shares to persons under Section 258 of the Securities and Exchange Act B.E. In this case, the Board of Directors is of the opinion that the minority shareholders will not be affected at all because this is simply a switch of shares ownership between the major shareholders.
- 3) There is a restructuring of the Company, which results from the approval of the shareholders' meeting of the Company. The Board of Directors deems that if there is a material change in the Company's business structure, the Company must seek prior approval from the shareholders' meeting with required affirmative votes of at least three-fourths of the total issued shares, whereby the minority shareholders have the right to vote approve or against such business restructuring. However, if this is approved by the shareholders, it should comply with applicable laws and regulations effective at that time.
- 4) The Offeror may sell a part of the Company's securities as deemed fit in order to relieve financial burden or due to the need to make loan prepayment or due to the enforcement of collateral in case of failure to fulfill terms and conditions in credit facility agreements. In this case, the Board of Directors views that if the sale of shares aims to partially lessen financial burden through the stock market while the majority shareholding is still maintained, it will neither hamper investors' and minority shareholders' confidence nor cause an effect on share price, considering that the business management and operation will remain unchanged.

Therefore, as the Offeror has notified in the Tender Offer Form (Form 247-4) that the Offeror will pledge ordinary shares of the Company which held by the Offeror before 27 December 2017, ordinary shares acquired on 27 December 2017, and other assets such as ordinary shares in other companies, land, etc. as collateral for the Bangkok Bank Public Company Limited's credit facilities for the purpose of making a payment for this Mandatory Tender Offer. In this regards, the ordinary shares and other assets have been pledged by the Offeror as collateral for the credit facilities with the bank mentioned above.

Policies and plans on business operation

The Offeror has no intention to materially change the business objective, business operation plan or policy or dividend policy of the Company. However, if the occasion serves and aligns with business strategy of the Company, the Offeror may arrange for the Company, its subsidiaries or associated companies to undertake business acquisition, merger or restructure within 12 months from the end of the tender offer period. The Offeror has not made any agreement with regard to such matters and will therefore ensure they are carried out in compliance with relevant laws and regulations such as the seeking of approval from the shareholders' meeting.

Moreover, as of December 27, 2017 which is the date the Offeror acquired the Company's shares from the existing shareholders under the Securities Sale and Purchase Agreement, three new directors of the Company and two new directors of the Subsidiary, designated by the Offeror, were appointed in replacement of the resigning directors of the Company and the Subsidiary. The Offeror may consider making a change to the list of the Board of Directors of the Company or to the organization and human resource structure and financial structure of the Company in the future to suit its usual business operation and financial position and enhance the flexibility and efficiency in business operation and management for the utmost benefits of the Company and its shareholders and within the purview of the Company's Articles of Association and regulations, the SEC's notifications, the SET's regulations and other applicable laws.

Nonetheless, any material changes to the plan specified in the tender offer within 12 months from the end of the tender offer period shall be made after the Offeror has obtained the approval from the meetings of the Company's Board of Directors and shareholders in compliance with the Articles of Association of the Company and the relevant laws and regulations and has submitted a report thereon to the SEC.

Opinion of the Board of Directors

Policies and plans on business operation

The Board of Directors is of the opinion that Mr. Tassapon Bijleveld, the Offeror, has been the Company's major shareholder as well as served as the Company's director and Chief Executive Officer, responsible for determining the Company's business policy and direction. In addition, has objective to acquire the Business's ordinary share for long-term investment under the conditions are set out in Part 2 Clause 5.3 in the Tender Offer (Form 247-4). Therefore, the acquisition of additional shares in the Company by the Offeror under this tender offer will unlikely lead the Company to be affected by the policies and plans on business operation of the Offeror during such period. Besides, the Offeror has clearly stated that he has no intention to make any material change to the Company within 12 months from the end of the tender offer period. However, if the occasion serves and aligns with business strategy of the Company during the said 12 months from the end of the tender offer period, the Offeror may arrange for the Company, its subsidiaries or associated companies to undertake business acquisition, merger or restructure and will ensure these are carried out in compliance with relevant laws and regulations.

Dividend policy

The Board of Directors is of the opinion that there will be no impact on the shareholders since the Offeror has no plan to change the dividend policy of the Company and the Subsidiary within 12 months from the end of the tender offer period. The Company will still take into account the operational performance, liquidity, cash flow and financial status of the Company and the Subsidiary, the conditions and restrictions on dividend payment as stipulated in the credit facility agreements, debenture agreements or other relevant agreements, the future business plan, the need for investments and other factors deemed appropriate by the Board of Directors.

Over the past three years, the Company regularly made dividend payment to its shareholders, i.e. at the rate of Baht 0.10 per share, Baht 0.15 per share and Baht 0.15 per share or totaling Baht 483.14 million, Baht 722.38 million and Baht 727.48 million in 2015, 2016 and 2017, respectively, thereby demonstrating its dividend payment ability.

Structure of the Company's Board of Directors

The Board of Directors is of the opinion that if there is no material change in the Company's operation and business structure, it is less likely that the Company will be affected by a change in the board structure of the Company and the Subsidiary in a significant number. This is because on December 27 and 28, 2017, the Company appointed new directors to replace the resigning directors of the Company and the Subsidiary as designated by the Offeror under the Securities Sale and Purchase Agreement. However, if there is a change in the business structure, the Offeror may consider making a change to the list of the Board of Directors of the Company or to the organization and human resource structure and financial structure of the Company in the future to suit its usual business operation and financial position and enhance the flexibility and efficiency in business operation and management for the utmost benefits of the Company and its shareholders, which shall be carried out within the purview of the Company's Articles of Association and regulations, the SEC's notifications, the SET's regulations and other applicable laws. Moreover, the Offeror may consider appointing new directors who have the qualification, knowledge, expertise and experience essential to and suitable for the business operation of the Company to further strengthen its operational efficiency and improve its market position.

Related party transactions

Within 12 months from the end of the tender offer period, the Offeror has not planned to make any material change in type and size of the existing related party transactions under the policy on related party transactions of the Company and the Subsidiary. *(Please see details of the related party transactions executed by the Offeror with the Company and the Subsidiary in Item 3.3 'Related party transactions.'*) However, the Offeror will carefully consider and ensure that terms and conditions of the present and future related party transactions are similar to those of normal business transactions conducted on an arm's-length basis or comply with rules and regulations regarding connected transactions of the SEC, regulations of the SET and/or other relevant laws.

Opinion of the Board of Directors

The Board of Directors is of the opinion that, after the tender offer, the related party transactions of the Company, the Subsidiary and the Offeror or connected persons of the Offeror will be continuously carried on since it will help to enhance the management efficiency within the AirAsia group. Moreover, such related party transactions are normal business transactions conducted on an arm's-length basis and are subject to an approval in principle from the Board of Directors and the Audit Committee of the Company.

However, if there is any additional connected transaction in the future, the Company will supervise price appropriateness, and reasonableness of entering into the transaction. In addition, the transaction shall be under normal business practice under Arm's Length transaction. Taking into account the utmost benefits of the Company and the Subsidiary. The entering into the related party transactions shall be in compliance with relevant rules and regulations of the SEC and the SET and other applicable laws, regulations and notifications and subject to the approval of the Board of Directors and shareholders of the Company.

4.4 Additional opinion of the Board of Directors of the Company (only in case of a tender offer for delisting of securities in accordance with the Stock Exchange of Thailand's requirements)

- None -

This transaction is not a delisting tender offer.

5. Opinion of the Independent Financial Advisor to the Shareholders

Please see details in Attachment 1 "Opinion of the Independent Financial Advisor on the Tender Offer for Securities of Asia Aviation Public Company Limited."

We hereby certify that all above information is true, complete and correct and there is neither any information that could lead to material misstatement nor any concealment of crucial information that should be explicitly disclosed.

Asia Aviation Public Company Limited

..... *Mr. Santisuk Klongchaiya* *Mr. Phairat Pornpathananangoon* ...

(Mr. Santisuk Klongchaiya)

(Mr. Phairat Pornpathananangoon)

Director

Director

(Translation)

Opinion of the Independent Financial Advisor on the Tender Offer

of

Asia Aviation Public Company Limited

The Offeror:

Mr. Tassapon Bijleveld

The Independent Financial Advisor:



Advisory Plus Company Limited

January 23, 2018

Definitions

AAV or the Company	Asia Aviation Plc.
TAA	Thai AirAsia Co., Ltd.
The Offeror	Mr. Tassapon Bijleveld
Form 247-4 or Tender Offer	The tender offer (Form 247-4) to purchase securities of Asia Aviation Plc. by Mr. Tassapon Bijleveld, dated January 8, 2018
Srivaddhanaprabha Group	A group of major shareholders of Asia Aviation Plc. before the sale and purchase of AAV shares on December 27, 2017, consisting of (1) Mr. Vichai Srivaddhanaprabha, (2) Mr. Aiyawatt Srivaddhanaprabha, (3) Ms. Voramas Srivaddhanaprabha, (4) Mr. Apichet Srivaddhanaprabha, and (5) Ms. Aroonrung Srivaddhanaprabha
Offer price	Baht 4.70 per share
Tender offer period	25 business days from January 9, 2018 to February 12, 2018 during the office hours of 9.00 a.m. - 4.00 p.m.
Securities Sale and Purchase Agreement	Securities Sale and Purchase Agreement of Asia Aviation Plc. between Mr. Tassapon Bijleveld (Purchaser) and Srivaddhanaprabha Group (Sellers), dated December 25, 2017
Independent Financial Advisor or IFA	Advisory Plus Co., Ltd.
SET	The Stock Exchange of Thailand
SEC	The Office of the Securities and Exchange Commission
Takeover Notification	Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated May 13, 2011 (as amended)
Persons under Section 258	Persons under Section 258 of the Securities and Exchange Act B.E. 2535 (as amended)

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of Asia Aviation Plc. and should not be relied upon as the definitive and official document.

The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

AP. 02/2561

January 23, 2018

Subject Opinion of the Independent Financial Advisor on the tender offer for securities of Asia Aviation Plc. by Mr. Tassapon Bijleveld

To Shareholders of Asia Aviation Plc.

On November 24, 2017, Mr. Tassapon Bijleveld held shares in Asia Aviation Plc. (hereinafter referred to as "AAV" or "the Company") in an amount of 242,500,000 shares, representing 5.00% of total voting rights of the Company. Later on December 25, 2017, Mr. Tassapon Bijleveld entered into the Securities Sale and Purchase Agreement with Srivaddhanaprabha Group, consisting of (1) Mr. Vichai Srivaddhanaprabha, (2) Mr. Aiyawatt Srivaddhanaprabha, (3) Ms. Voramas Srivaddhanaprabha, (4) Mr. Apichet Srivaddhanaprabha, and (5) Ms. Aroonrung Srivaddhanaprabha, to acquire 1,761,588,286 ordinary shares or 36.32% of total voting rights of the Company at Baht 4.70 per share. The transfer of those shares was effected on December 27, 2017, leading Mr. Tassapon Bijleveld to hold, after completion of such sale and purchase of shares, a total of 2,004,088,286 shares or 41.32% of total voting rights of the Company, which exceeds 25.00% of the Company's total voting rights. Therefore, Mr. Tassapon Bijleveld is obliged to make a mandatory tender offer for all securities of the Company in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated May 13, 2011 (as amended).

Mr. Tassapon Bijleveld, as the Offeror, submitted the Form of Announcement of Intention to Make a Tender Offer (Form 247-3) on December 28, 2017, and the Company received a copy of the tender offer (Form 247-4) from the Offeror on January 8, 2018. The Company accordingly appointed Advisory Plus Co., Ltd. as an independent financial advisor to provide opinion to the Company's minority shareholders regarding such tender offer.

In this respect, Advisory Plus Co., Ltd., as the independent financial advisor (“IFA”) approved by the SEC and appointed by the Company to act as the Independent Financial Advisor to provide opinion to the minority shareholders on such tender offer, has studied information in the tender offer form (Form 247-4), information and documents received from the Company and the Tender Offer Preparer and/or information available publicly such as annual registration statement (Form 56-1), the auditor’s report, financial statements, assumptions used for preparation of financial projection, the Securities Sale and Purchase Agreement, the SET’s statistical data on listed companies engaging in the domestic and international low-cost carrier business, and other relevant documents, including information derived from interviews with the Company’s management and the Offeror and assessment of industry situation and other relevant economic factors, as a basis for our analysis and rendering of opinion. The opinion given herein is based on the assumption that the information in the tender offer and all information and documents obtained from the Company and from interviews with the Company’s management and the Offeror are complete, true and correct. It is also based on the economic condition and information prevailing at the time of conducting this study only. If there is any change or any incident that causes these factors to change significantly from the current status, it could materially affect the business operation, the financial projection, the IFA’s opinion and the shareholders’ decision on the tender offer. The opinion is rendered without commitment in relation to a change, revision or confirmation of any impact that may arise in the future.

The IFA’s opinion is as follows:

Executive Summary

On December 25, 2017, Mr. Tassapon Bijleveld (“the Offeror”) entered into the Securities Sale and Purchase Agreement of Asia Aviation Plc. (hereinafter referred to as “AAV” or “the Company”) with Srivaddhanaprabha Group, consisting of (1) Mr. Vichai Srivaddhanaprabha, (2) Mr. Aiyawatt Srivaddhanaprabha, (3) Ms. Voramas Srivaddhanaprabha, (4) Mr. Apichet Srivaddhanaprabha, and (5) Ms. Aroonrung Srivaddhanaprabha, to acquire 1,761,588,286 ordinary shares or 36.32% of total voting rights of the Company at Baht 4.70 per share. The transfer of those shares was effected on December 27, 2017, leading Mr. Tassapon Bijleveld (who previously held 5.00% of total voting rights of the Company) to hold, after completion of such sale and purchase of shares, a total of 2,004,088,286 shares or 41.32% of total voting rights of the Company, which exceeds 25.00% of the Company’s total voting rights. Therefore, Mr. Tassapon Bijleveld is obliged to make a mandatory tender offer for all securities of the Company in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated May 13, 2011 (as amended).

Mr. Tassapon Bijleveld, as the Offeror, submitted the Form of Announcement of Intention to Make a Tender Offer (Form 247-3) on December 28, 2017, and the Company received a copy of the tender offer (Form 247-4) from the Offeror on January 8, 2018, the details of which are as follows:

The Offeror : Mr. Tassapon Bijleveld

Amount of securities offered to purchase : 2,845,911,714 ordinary shares equivalent to 58.68% of total issued and paid-up shares and total voting rights of the Company

As at January 8, 2018 (the tender offer submission date), the Offeror held 2,004,088,286 shares in the Company, representing 41.32% of total issued and paid-up shares and total voting rights of the Company. Therefore, the Offeror has made a tender offer for all of the remaining securities of the Company that are not held by the Offeror.

Offering price : Baht 4.70 per share

The Offeree shall be subject to a brokerage fee of 0.25% of the offering price and value added tax of 7% of such brokerage fee. Thus, the net price (before withholding tax in case the Offeree is a juristic entity that is liable to pay tax deducted at source) receivable by the Offeree will be Baht 4.687428 (Baht four point six eight seven four two eight) per share.

Tender offer period : 25 business days from January 9, 2018 to February 12, 2018, during the office hours of 9.00 a.m. - 4.00 p.m. of the Tender Offer Agent

Such tender offer period is the final period which will not be extended, except that the Offeror may reduce the tender offer price or extend the tender offer period if an event occurs that has a material adverse effect on the condition or the assets of the Company during the tender offer period, or the Offeror may change the terms of this tender offer or extend the tender offer period

if there is any other person who has submitted a tender offer to purchase securities of the Company during the tender offer period.

The IFA has considered the tender offer (Form 247-4), the tender offer price and other relevant information of the Company as a basis for providing opinion to the minority shareholders, and has determined appropriateness of price and reasons as to whether the minority shareholders should accept and/or reject the tender offer, the details of which can be summed up as follows:

The IFA is of the opinion that the shareholders should **reject the tender offer** because the offer price of Baht 4.70 per share is lower than a fair value of AAV shares as measured by the IFA, using the market value approach and discounted cash flow approach, in a range of Baht 5.49 – 7.80 per share. Such fair value is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% - 65.93%.

The minority shareholders who intend not to hold the Company's shares any longer may consider selling the shares on the SET. However, shareholders should take liquidity risk and a drop in share price if there is a large amount of shares are sold into consideration.

In deciding whether to accept or reject the tender offer, the shareholders are recommended to study information in the tender offer (Form 247-4), the Company's opinion on the tender offer (Form 250-2), and the opinion of the IFA provided herein as a basis for your decision-making. The final decision, however, depends primarily on the shareholders' individual judgment.

Details of the IFA's opinion are as follows:

Opinion of the Independent Financial Advisor

1. Appropriateness of the offer price

The Offeror has launched a tender offer to purchase AAV shares at an offer price of Baht 4.70 per share. We have measured a fair value of the shares by using different valuation approaches and compared the derived fair value with the offer price, as well as identified the appropriateness of share valuation by each approach in order to determine the reasonableness of such offer price.

We are of the opinion that the financial position and performance of TAA, the only subsidiary of AAV, have been consolidated into and reflected in the Company's consolidated financial statements in proportion to the percentage of its shareholding and control power in TAA in accordance with the accounting standards. Therefore, we have used the Company's consolidated financial statements as a basis for the measurement of a fair value of the Company.

The Company has discussed with PricewaterhouseCoopers ABAS Ltd., its auditor, regarding whether or not this transaction which the Offeror who is director and management of the Company acquires the Company's shares should be accounted for share based payment. Auditor has opinion that this transaction could be considered as share based payment. However, this transaction has liquidity constraint due to the limitation that the Company's shares must be sold to Thai individual only to comply with condition of Commercial Aviation License of the Company's subsidiary and in combination with the fact that the value of this transaction is over Baht 8,000 million resulting in huge discount from market price. The Company has engaged a financial advisor approved by the SEC to evaluate fair price of the Company's shares. The transaction price is in line with the fair value appraised by such financial advisor. Therefore, there is no expense regarding share based payment recording in consolidated financial statement of the Company from this transaction.

Here are details of the share valuation by each approach:

1.1. Book Value Approach

Under this method, a fair value of AAV shares is measured from book value of the Company derived from its latest consolidated financial statements as of September 30, 2017, which were reviewed by Mr. Paiboon Tankul, Certified Public Accountant Registration No. 4298 of PricewaterhouseCoopers ABAS Ltd., an SEC-approved auditor. Details of the valuation are as follows:

Items As at September 30, 2017	Amount (Baht million)
Issued and paid-up share capital	485.00
Premium on share capital	2,599.81
Retained earnings	
Appropriated – legal reserve	48.50

Items As at September 30, 2017	Amount (Baht million)
Unappropriated	19,139.11
Equity attributable to owners of the parent	22,272.42
Par value per share (Baht)	0.10
Total number of issued and paid-up shares (million shares)	4,850.00
Book value per share (Baht)	4.59

The share valuation by this approach reflects the Company's financial position and book value of its assets and liabilities as of September 30, 2017 only, but does not reflect the present market value of certain major assets such as aircraft, leasehold improvements and equipment worth Baht 22,737.53 million or 37.91% of total assets or 62.69% of tangible assets (total assets minus intangible assets and goodwill). Besides, this approach takes no account of the future business performance and profitability prospect of the Company or the overall economic condition and industry situation.

By the book value approach, AAV shares are appraised at Baht 4.59 per share, which is lower than the offer price of Baht 4.70 per share by Baht (0.11) per share or (2.34)%.

1.2. Adjusted Book Value Approach

Using this approach, the shares are appraised based on the book value derived from the Company's consolidated financial statements as of September 30, 2017, adjusted by the items that have material impacts on value of assets and liabilities in order to reflect the most current net asset value. These assets are, for instance, trade accounts receivable overdue more than 12 months, aircraft, leasehold improvements and equipment, operating lease obligations, interim dividend payment, etc.

Nonetheless, the Company has not made any revaluation of the aircraft, leasehold improvements and equipment, which are its core operating assets worth Baht 22,737.53 million or 37.91% of total assets or 62.69% of tangible assets (total assets minus intangible assets and goodwill) under its consolidated financial statements as of September 30, 2017 and the adjustment to which will accordingly have the most effect on the share valuation by this approach. As such, the share value appraised by this approach without an adjustment made to such item that will most affect the net asset value could not reflect the true value of the Company. Therefore, we have not appraised the Company's shares by the adjusted book value approach based on the reasons discussed above.

1.3. Market Comparable Approach

Under this approach, the share valuation is made based on different ratios, i.e. (1) price to book value (P/BV), (2) price to earnings (P/E), (3) enterprise value to earnings before interest, tax, depreciation and amortization (EV/EBITDA), and (4) adjusted enterprise value to earnings before interest, tax, depreciation, amortization and rental

(AEV/EBITDAR) ratios, of the SET-listed entities engaging in low-cost carrier business.

There are three SET-listed companies operating airline business, namely (1) Thai Airways International Plc. (“THAI”), (2) Bangkok Airways Plc. (“BA”) and (3) Nok Airlines Plc. (“NOK”). Since THAI and BA are classified as full service carriers (FSC), whereas AAV is a low-cost carrier (LCC), we have excluded THAI and BA from the reference data used for valuation of the Company’s shares. However, as there is only NOK that operates business similar to the Company, we have additionally taken into consideration the listed entities on foreign stock markets that engage in business about the same as the Company to be used as reference data for valuation of the Company’s shares (hereinafter referred to as “Peer Group”), the details of which are as follows:

	Peer Group	Symbol:Stock market	Nature of business	Market cap (Baht million)*
1	AirAsia Berhad (“AirAsia”)	AIRA:MK	AirAsia was founded in 1993 and commenced operation on November 18, 1996, headquartered in Malaysia, to provide budget airline services mainly in Malaysia with a single fleet type of Airbus A320. It has a fleet of 90 aircraft flying to 74 destinations (excluding its associated companies). Currently, AirAsia holds a stake of 45% in Thai AirAsia Co., Ltd.	88,719.67
2	Cebu Air Inc. (“Cebu Pacific”)	CEB:PM	Cebu Pacific was established in March 1996 to operate a low-cost carrier business, headquartered in the Philippines, offering both short-haul and long-haul flights to 63 destinations, comprising 37 in the Philippines and 26 in Asia, Australia, the Middle East and the USA, with a fleet of 61 aircraft, of which 47 are Airbuses and 14 are ATRs.	39,276.36
3	AirAsia X Berhad (“AirAsia X”)	AAX:MK	AirAsia X was set up in 2006 as a low-cost carrier, having three hubs, Kuala Lumpur, Bangkok and Bali, and serving 26 destinations in Asia, Australia and the Middle East. It is the first low-cost carrier in ASEAN to receive the Federal Aviation Administration’s license to fly to the USA. As of December 31, 2016, it had a fleet of 30 Airbus A330-300 aircraft (including eight aircraft of its associated company).	11,012.45

	Peer Group	Symbol:Stock market	Nature of business	Market cap (Baht million)*
4	Nok Airlines Public Company Limited (“Nokair”)	NOK:TB	Nokair was founded in February 2004 to provide point-to-point domestic and international carrier services under ‘Nokair’ brand. As of December 31, 2016, it had a fleet of 32 leased aircraft, including 22 Boeing 737-800s, eight Bombardier Q400s and two ATR-72s. Nokair also holds a stake of 49% in NokScoot Airlines Co., Ltd. (“NokScoot”), which is a low-cost international carrier.	7,679.36
5	Southwest Airlines Co. (“Southwest Airlines”)	LUV:US	Southwest Airlines is a low-cost carrier, serving the USA and nearby countries. It flies to as many 101 destinations in 40 states, the District of Columbia, Puerto Rico and eight nearby countries which are Mexico, Jamaica, the Bahamas, Aruba, Dominican Republic, Costa Rica, Belize and Cuba. As of December 31, 2016, it had a fleet of 723 Boeing 737 aircraft.	1,283,000.00
6	Ryanair Holdings (“Ryanair”)	RYA:ID	Ryanair Holdings was incorporated on June 5, 1996, holding shares in Ryanair Ltd. (Ryanair) which operates low-cost carrier services. Ryanair offers short-haul and long-haul flights to around 200 destinations in Europe, England, Morocco and Israel. As of June 30, 2017, it had a fleet of more than 350 Boeing 737-800 aircraft.	686,545.34
7	EasyJet Plc (“EasyJet”)	EZJ:LN	EasyJet was established in 1995 to provide low-cost carrier services, headquartered in England. It serves over 132 destinations in 31 countries in Europe with a fleet of more than 250 Airbus aircraft.	251,387.85
8	Spring Airlines Co. Ltd. (“Spring Airlines”)	601021:CH	Spring Airlines was founded in 2005 as a low-cost carrier based in Shanghai, China. It offers more than 130 routes across China, Hong Kong, Taiwan, Japan, Southeast Asia and Europe, with a fleet of 52 Airbus A320 aircraft.	148,814.20
9	InterGlobe Aviation Limited (“Indigo”)	INDIGO:NSE	IndiGo is a budget airline established in 2004 and headquartered in Gurgaon, Haryana, India. As India’s biggest airline, it serves 48 destinations in and outside India with 131 aircraft.	239,590.53

	Peer Group	Symbol:Stock market	Nature of business	Market cap (Baht million)*
10	JetBlue Airways Corporation (“JetBlue”)	JBLU:US	JetBlue, established in 1998, offers low-cost carrier services, with head office in the USA. It serves 100 destinations in 29 states of the USA, the District of Columbia, the Commonwealth of Puerto Rico and the Virgin Islands of the United States, and 21 countries in the Caribbean and South America, with a fleet of 227 aircraft comprising 37 Airbus A321s, 130 Airbus A320s and 60 Embraer E190s.	236,500.37
11	Air Arabia PJSC (“Air Arabia”)	AIRARABI:UH	Air Arabia was set up in 2003 to operate a low-cost carrier business, headquartered in the United Arab Emirates. It serves more than 130 destinations in the Middle East, North Africa, Asia and Europe with a fleet of 50 Airbus A320 aircraft.	51,646.95
12	Norwegian Air Shuttle ASA (“Norwegian”)	NAS:NO	Norwegian was established in 1993 to operate a low-cost carrier business, with office in Norway. It offers short-haul and long-haul flights to over 150 destinations in 35 countries in Europe, North Africa and the Middle East with a fleet of 64 aircraft.	24,645.10
13	Spicejet Ltd. (“SpiceJet”)	SJET:IN	SpiceJet, founded in 1984, is a budget airline based in Gurgaon, India. It offers short-haul flights to 46 destinations, 39 in India and seven overseas, with 49 aircraft.	44,740.12
14	Gol Linhas Aereas Inteligentes SA (“Gol”)	GOLL4:BZ	Gol was established in 2000 and commenced operation on January 15, 2001. It provides low-cost carrier services in and outside Brazil, headquartered in Sao Paulo, Brazil, serving 53 destinations in Brazil and 11 in South America and the Caribbean with a fleet of 120 Boeing 737-700 and Boeing 737-800 aircraft.	48,856.94

Source: Publicly available information

* Data from Bloomberg as of December 27, 2017

IFA exclude Southwest Airlines and Ryanair from Peer Group because their market capitalization are much higher than the Company and other companies in Peer Group.

(1) Price to Book Value Approach (P/BV)

This method measures a fair value of the shares from the book value shown in the Company's consolidated financial statements as of September 30, 2017, which is Baht 4.59 per share, multiplied by the average price to book value (P/BV) ratio of Peer Group prevailing over different retroactive periods of three months, six months, nine months and 12 months up to December 27, 2017, which is the last business day before the date the Offeror submitted the Form of Announcement of Intention to Make a Tender Offer (Form 247-3).

The average P/BV of Peer Group is as follows:

	Peer Group	Average P/BV of past 3 months	Average P/BV of past 6 months	Average P/BV of past 9 months	Average P/BV of past 12 months
1	AirAsia	1.30	1.35	1.34	1.28
2	Cebu Pacific	1.74	1.74	1.75	1.73
3	AirAsia X	1.52	1.56	1.65	1.62
4	Nokair*	15.76	14.40	16.24	16.99
5	EasyJet	1.91	2.04	2.05	1.90
6	Sping Airlines	3.49	3.45	3.47	3.61
7	Indigo*	11.09	11.42	11.18	11.18
8	JetBlue	1.58	1.64	1.71	1.71
9	Air Arabia	0.99	0.98	0.97	1.00
10	Norwegian	1.53	1.81	2.29	2.31
11	SpiceJet**	N/A	N/A	N/A	N/A
12	Gol**	N/A	N/A	N/A	N/A
	Average	1.76	1.82	1.90	1.90

Source: Bloomberg

Note: * P/BV of Nokair and Indigo are not factored into the average P/BV calculation because they are considered an outlier compared to their peers.

** P/BV of SpiceJet and Gol are not factored into the average P/BV calculation because they cannot be calculated

Conclusion of AAV share valuation by P/BV approach

Period	Average P/BV of Peer Group	Book value (Baht/share)	Appraised value (Baht/share)
Average of past 3 months	1.76	4.59	8.06
Average of past 6 months	1.82	4.59	8.36
Average of past 9 months	1.90	4.59	8.73
Average of past 12 months	1.90	4.59	8.70

The share valuation by this approach is based on the Company's book value which reflects its business performance and financial position at a certain period of time, but could not reflect the Company's profitability prospect in the future.

By the P/BV approach, AAV shares are appraised in a range of Baht 8.06 – 8.73 per share, which is higher than the offer price of Baht 4.70 per share by Baht 3.36 – 4.03 per share or 71.49% – 85.74%.

(2) Price to Earnings Ratio Approach (P/E)

By this approach, the shares are valued by multiplying the Company's earnings per share over the previous four quarters up to Q3/2017 (equivalent to Baht 0.2151/share) by the average P/E ratio of the Peer Group prevailing over different retroactive periods (three months, six months, nine months and 12 months) up to December 27, 2017, which is the last business day before the date the Offeror submitted the Form of Announcement of Intention to Make a Tender Offer (Form 247-3).

Average P/E of Peer Group is as follows:

	Peer Group	Average P/E of past 3 months	Average P/E of past 6 months	Average P/E of past 9 months	Average P/E of past 12 months
1	AirAsia	6.18	6.30	5.97	5.37
2	Cebu Pacific	8.98	9.36	9.12	8.32
3	AirAsia X	30.08	22.90	25.25	20.79
4	Nokair*	N/A	N/A	N/A	N/A
5	EasyJet	17.48	18.62	18.66	16.29
6	Sping Airlines	30.31	32.54	31.72	31.58
7	Indigo	25.25	25.99	25.45	25.45
8	JetBlue	10.48	10.62	10.97	10.54
9	Air Arabia	10.06	10.41	10.31	10.85
10	Norwegian	8.88	9.24	12.13	11.30
11	SpiceJet	14.71	14.73	14.05	12.58
12	Gol	8.35	8.35	8.82	7.39
	Average	15.52	15.37	15.68	14.59

Source: Bloomberg

Note: * P/E of Nokair is not factored into the average P/E calculation because they are considered an outlier compared to their peers.

Conclusion of AAV share valuation by P/E approach

Period	Average P/E of Peer Group	Earnings in past 12 months (Baht/share)	Appraised value (Baht/share)
Average of past 3 months	15.52	0.2151	3.34
Average of past 6 months	15.37	0.2151	3.31
Average of past 9 months	15.68	0.2151	3.37
Average of past 12 months	14.59	0.2151	3.14

The share valuation by this approach reflects profitability prospect of the Company in the past 12 months, but takes no account of its potential and profitability of in the future.

By the P/E approach, AAV shares are appraised in a range of Baht 3.14 – 3.37 per share, which is higher than the offer price of Baht 4.70 per share by Baht (1.33) – (1.56) per share or (28.30%) – (33.19%).

(3) EV/EBITDA Approach

Under this approach, the shares are valued by multiplying the average EV/EBITDA of Peer Group by the Company's EBITDA, then deducted by interest-bearing debt and non-controlling interests and added by cash of the Company. The Company recorded an EBITDA over the past four quarters up to Q3/2017 of Baht 3,783 million. As of September 30, 2017, the Company had cash and cash equivalents and short-term investments of Baht 7,050 million, interest-bearing debt of Baht 16,857 million and non-controlling interests of Baht 9,666 million. The calculation of the Company's share value is as follows:

The Company's EV = Average EV/EBITDA of Peer Group × EBITDA

Where:

EV = Market cap + Non-controlling interests + Interest-bearing debt - Cash

Market cap = Share price × Total number of paid-up shares of the Company

Value of AAV shares = [(Average EV/EBITDA of Peer Group × EBITDA) - Non-controlling interests - Interest-bearing debt + Cash] / Total number of paid-up shares

Average EV/EBITDA of Peer Group is as follows:

	Peer Group	Average EV/EBITDA of past 3 months	Average EV/EBITDA of past 6 months	Average EV/EBITDA of past 9 months	Average EV/EBITDA of past 12 months
1	AirAsia	6.06	6.26	6.43	6.50
2	Cebu Pacific	5.86	5.73	5.65	5.46
3	AirAsia X	5.53	5.14	5.06	4.89
4	Nokair*	N/A	N/A	N/A	N/A
5	EasyJet	8.33	9.05	9.14	8.25

	Peer Group	Average EV/EBITDA of past 3 months	Average EV/EBITDA of past 6 months	Average EV/EBITDA of past 9 months	Average EV/EBITDA of past 12 months
6	Spring Airlines*	N/A	N/A	N/A	N/A
7	Indigo	17.51	17.77	17.25	17.25
8	JetBlue	4.55	4.60	4.73	4.60
9	Air Arabia	8.26	8.44	8.56	8.84
10	Norwegian	16.13	18.63	16.32	14.80
11	SpiceJet	11.93	11.95	11.44	10.35
12	Gol	8.11	8.15	8.52	8.18
	Average	9.23	9.57	9.31	8.91

Source: Bloomberg

Note: * EV/EBITDA of Nokair and Spring Airlines are not factored into the average EV/EBITDA calculation because they cannot be calculated..

Conclusion of AAV share valuation by EV/EBITDA approach

Period	Average EV/EBITDA of Peer Group (time)	Value of AAV shares (Baht/share)
Average EV/EBITDA of past 3 months	9.23	3.18
Average EV/EBITDA of past 6 months	9.57	3.45
Average EV/EBITDA of past 9 months	9.31	3.25
Average EV/EBITDA of past 12 months	8.91	2.94

Source: Bloomberg and calculation by IFA

The share valuation by this approach focuses on the Company's profit earned in the past 12 months up to September 30, 2017 and its financial position as of September 30, 2017, but takes no account of its long-term potential and profitability prospect in the future.

By the EV/EBITDA approach, AAV shares are appraised in a range of Baht 2.94 – 3.45 per share, which is lower than the offer price of Baht 4.70 per share by Baht (1.25) – (1.76) per share or (26.60%) - (37.45%)

(4) AEV/EBITDAR Approach

Companies in the aviation business use different funding structures and methods for aircraft procurement. Besides, value of aircraft leasing is material to their financial statements and there is a difference in accounting impacts between operating lease and financial lease. Therefore, by adjusting impact of operating lease of aircraft to EV/EBITDA ratio concept, AEV/EBITDAR is adopted for better comparison ratio.

Under this approach, AAV shares are valued by multiplying the average AEV/EBITDAR of Peer Group by the Company's EBITDAR, then deducted by interest-bearing debt, operating lease obligations for aircraft and non-controlling interests, and added by cash of the Company. The Company recorded an EBITDAR over the past four quarters up to Q3/2017 of Baht 8,173 million. As of September 30, 2017, the Company had cash and cash equivalents and short-term investments of Baht 7,050 million, interest-bearing debt of Baht 16,857 million, provisions for aircraft operating lease liabilities of Baht 35,121 million (= 8 x aircraft rental in the past 12 months up to September 30, 2017 of Baht 4,390 million) and non-controlling interests of Baht 9,666 million. The calculation of the Company's share value is as follows:

$$\text{AEV of the Company} = \text{Average AEV/EBITDAR of Peer Group} \times \text{EBITDAR}$$

Where:

$$\text{AEV} = \text{Market cap} + \text{Non-controlling interests} - \text{operating lease for aircraft obligations} + \text{Interest-bearing debt} - \text{Cash}$$

$$\text{Provisions for aircraft finance lease liabilities} = 8 \times \text{aircraft rental in the past 12 months up to September 30, 2017}$$

$$\text{Market cap} = \text{Share price} \times \text{Total number of paid-up shares of the Company}$$

$$\text{Value of AAV shares} = \frac{[(\text{Average AEV/EBITDAR of Peer Group} \times \text{EBITDAR}) - \text{Non-controlling interests} - \text{Interest-bearing debt} - \text{Operating lease for aircraft obligations} + \text{Cash}]}{\text{Total number of paid-up shares}}$$

Average AEV/EBITDAR of Peer Group is as follows:

	Peer Group	Average AEV/EBITDAR of past 3 months	Average AEV/EBITDAR of past 6 months	Average AEV/EBITDAR of past 9 months	Average AEV/EBITDAR of past 12 months
1	AirAsia	5.41	5.43	5.45	5.50
2	Cebu Pacific	7.07	7.06	7.09	7.09
3	AirAsia X	8.02	8.10	8.22	8.26
4	Nokair*	20.61	20.06	19.73	19.55
5	EasyJet	8.11	7.92	7.78	7.43
6	Sping Airlines**	N/A	N/A	N/A	N/A
7	Indigo	4.67	4.78	4.93	4.96
8	JetBlue	6.09	5.99	5.92	6.17
9	Air Arabia	10.12	10.38	10.68	11.02
10	Norwegian	10.38	10.04	9.74	9.22
11	SpiceJet	9.30	9.14	9.01	8.89
12	Gol	7.38	7.32	7.44	7.47
	Average	7.81	7.79	7.78	7.75

Source: Bloomberg

- Note:
- * AEV/EBITDAR of Nokair is not factored into the average AEV/EBITDAR calculation because they are considered an outlier compared to their peers.
 - * AEV/EBITDAR of Spring Airlines is not factored into the average AEV/EBITDAR calculation because they are cannot be calculated.

Conclusion of AAV share valuation by AEV/EBITDAR approach

Period	Average AEV/EBITDAR of Peer Group (time)	Value of AAV shares (Baht/share)
Average AEV/EBITDAR of past 3 months	7.81	1.90
Average AEV/EBITDAR of past 6 months	7.79	1.87
Average AEV/EBITDAR of past 9 months	7.78	1.85
Average AEV/EBITDAR of past 12 months	7.75	1.80

Source: Bloomberg and calculation by IFA

The share valuation by this approach focuses on the Company's profit earned in the past 12 months up to September 30, 2017 and its financial position as of September 30, 2017, but takes no account of its long-term potential and profitability prospect in the future.

By the AEV/EBITDAR approach, AAV shares are appraised in a range of Baht 1.80 – 1.90 per share, which is lower than the offer price of Baht 4.70 per share by Baht (2.80) – (2.90) per share or (59.57%) – (61.70%).

1.4. Market Value Approach

Under this method, the shares are appraised based on the weighted average market price (trading value/trading volume) of AAV shares traded on the stock market over different periods. We have adopted the historical market price in different time periods of three months, six months, nine months and 12 months up to December 27, 2017, which is the last business day before the date the Offeror submitted the Form of Announcement of Intention to Make a Tender Offer (Form 247-3).

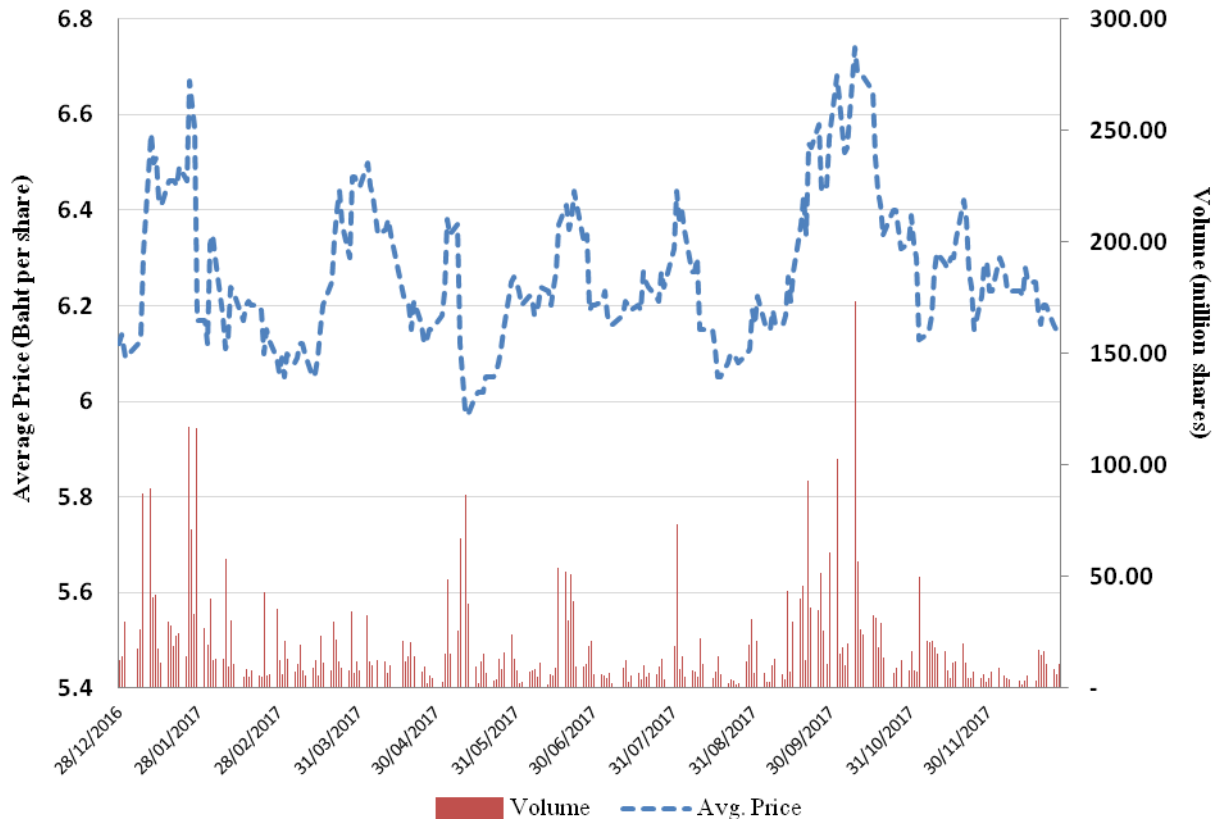
Conclusion of AAV share valuation by market value approach

Period	Average daily trading		Weighted average market price (Baht/share)
	Volume (shares)	Value (Baht)	
Average of past 3 months	18,466,697	119,513,165	6.47
Average of past 6 months	16,672,948	106,771,203	6.40
Average of past 9 months	16,733,695	106,344,091	6.36
Average of past 12 months	18,606,765	118,068,547	6.35

Source: www.setsmart.com

Graph illustrating weighted average market price and trading volume of AAV shares in previous one year

(December 28, 2016 – December 27, 2017)



The daily trading volume of AAV shares in different retroactive periods of three months, six months, nine months and 12 months was in a range of 16.67 million – 18.61 million shares per day or roughly 0.15% - 0.38% of its total paid-up shares, and the total yearly trading volume up to December 27, 2017 amounted to 4,558.66 million shares or 93.99% of its total paid-up shares. This demonstrates high trading liquidity of the Company's shares. Therefore, the said market price, which is determined by investors' demand and supply for the Company's shares, can well reflect the share value in such given period of time.

By the market value approach, AAV shares are appraised in a range of Baht 6.35 – 6.47 per share, which is higher than the offer price of Baht 4.70 per share by Baht 1.65 – 1.77 per share or 35.11% – 37.66%.

1.5. Discounted Cash Flow Approach

Share valuation by this approach is based on future profitability prospect of the Company and its subsidiaries. The shares are appraised by an estimation of net present value of free cash flow expected from future operation according to a financial projection over a period of about five years and three months, from October 1, 2017 to December 31, 2022. The projection is under the assumption that the Company continues business operation on a going concern basis without any material change taking place, and also based on the economic environment and present circumstances where its

business operation is under the current management team, taking no account of the future business plan or change that might be determined by the Offeror.

We have prepared the financial projection based on information and assumptions obtained from the Company, as well as from interview with the Company's management and concerned staff, for the purpose of identifying a fair value of the Company's shares for comparison with the tender offer price only. Thus, it may not be used as a reference price for any purpose other than that stated above.

Moreover, if there is a material change in the economic condition and other external factors that have an impact on the Company's operation, and also change in the internal situation of the Company from the assumptions, the fair value of the Company's shares measured by this approach may not be used as a reference price.

Since AAV operates as a holding company and has not engaged in any significant business other than investment in 55% of shares in TAA only, we have accordingly measured value of the Company's shares through a sum of the parts analysis. By this method, we have at first prepared a financial projection of TAA, which is the core business, and then reconciled value of TAA's equity, pro rata to the percentage of shareholding by the Company, with the items in the separate financial statement of the Company to arrive at a fair value of its shares.

Key assumptions used for preparation of the financial projection

(1) Passenger revenues

Passenger revenues are generated from sales of tickets to customers. TAA has witnessed ongoing growth in its passenger revenues, due to a policy to expand its fleet by 5-6 aircraft per year which helped to increase its capacity from 15.31 million seats in 2014 to 20.48 million seats in 2016. TAA management plans to maintain its fleet expansion at such rate throughout the projection period, leading to a continuous increase in TAA's capacity throughout the projection period.

	Historical			Projected					
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capacity									
Available seats (million seats)	15.31	18.22	20.48	22.70	26.80	30.48	33.65	35.43	37.50

As seen from the actual number of passengers carried of TAA, its load factor steadily rose from 79.76% of capacity in 2014 to 84.09% in 2016 and 87% in 11 months of 2017 ("11M/2017"). TAA management has a policy to maintain the load factor at 87% of capacity throughout the projection period.

	Historical			Projected					
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actual number of passengers carried									
Passengers: Pax (million persons)	12.21	14.85	17.22	19.75	23.32	26.52	29.28	30.82	32.62
Load factor (%)	79.76	81.49	84.09	87.00	87.00	87.00	87.00	87.00	87.00

TAA's ticket fare consistently dropped during 2014-2016, stemming from the cancellation of fuel surcharge and keener competition from the entry of new player. For 2017, it is assumed that the ticket fare of TAA would decrease by 4% from a year earlier to Baht 1,500 per Pax, which is close to the average fare rate in 11M/2017. However, from late 2017 onwards, the market share of each low-cost carrier in the country has become stable, thus likely reducing price competition during the projection period. In addition, cost per flight will increase during the projection period as a result of (1) a policy to increase direct flights between major cities such as Chiang Mai – Phuket, Chiang Mai – Ubon Ratchathani, or Phuket – Khon Kaen and a policy to launch more international services, whereby TAA expects that these policies will lead both the time flown per flight and the distance per flight to increase by 1% per year; and(2) a projected increase rate of 3.15% per year in fuel cost (the details of which will be described below). Therefore, to align with such increased cost, the ticket fare is projected to rise by 3% per year until the end of the projection period.

	Historical			Projected					
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ticket fare									
Ticket fare per Pax (Baht/Pax)	1,726	1,667	1,565	1,500	1,545	1,591	1,639	1,688	1,739
Growth rate (%)	-8.47	-3.38	-6.10	-4.00	3.00	3.00	3.00	3.00	3.00

(2) Ancillary revenue per passenger

Ancillary revenue per passenger of TAA has been declining. For 2017, such revenue is expected to be Baht 320 (close to the average of 11M/2017) per passenger, a year-on-year drop of 0.87%. However, TAA has since late 2017 introduced a policy to set its ancillary service fees based on passengers' preference on each route and, in 2018, plans to facilitate the purchase of its ancillary services for customers who book and buy its tickets online via Expedia or Traveloka, including website services for sales of duty-free merchandise. Besides, its policy to offer new longer routes with relatively longer flight duration will likely help to boost sales of its ancillary services. As such, ancillary revenue per passenger is projected to grow by a constant rate of 2% from 2018 until the end of the projection period.

	Historical			Projected					
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ancillary revenue per Pax (Baht)	359.06	326.74	322.58	319.75	326.15	332.67	339.33	346.11	353.03
Growth rate (%)	-0.29%	-9.00%	-1.27%	-0.87%	2.00%	2.00%	2.00%	2.00%	2.00%

(3) Fuel cost

TAA's fuel cost varies with global oil prices. For 2017, its average fuel cost is projected at USD 63 per barrel, which is close to the 11M/2017 average. TAA forecasts that the average fuel cost in 2018 will be around USD 80 per barrel due to the rising trend of oil prices from late 2017 up to the present. From 2018 until the end of the projection period, fuel cost is assumed to increase by 3.15% per year (equal to a compound annual growth rate (CAGR) calculated based on the World Bank's Crude Oil Price Forecast October 2017).

	Historical			Projected					
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Average fuel cost (USD/barrel)	116.51	67.46	51.46	60.00	80.00	82.52	85.12	87.80	90.57
Growth rate (%)	-5.1%	-42.1%	-23.7%	22.4%	11.11%	3.15%	3.15%	3.15%	3.15%

(4) Cost of services (non-fuel)

TAA's cost per available seat - kilometer (CASK) (non-fuel) has increased gradually and slightly and, thus, is projected to be Baht 1.01 in 2017, close to the 11M/2017 average, and to gradually edge up to Baht 0.98 – 1.03 in 2018 - 2022.

	Historical			Projected					
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cost per ASK (non-fuel) (Baht)	0.92	0.97	1.01	1.01	0.99	0.98	0.98	1.01	1.03

(5) Exchange rate

Exchange rate is assumed to be Baht 32/USD, close to exchange rate at the time this valuation is conducted, and to remain constant throughout the projection period

(6) Capital expenditure

TAA has all along implemented a policy to expand its fleet by acquiring 5-6 new aircraft per year, recorded as both finance lease assets and operating lease assets, and will resume such policy throughout the projection period. Hence, its capital expenditure relating to investment in fleet expansion throughout the projection period is estimated to be as follows:

	Projected					
	2017	2018	2019	2020	2021	2022
Investment in new aircraft under finance lease and other related investment such as replacement parts ^{1/}	5,342	2,311	2,259	2,275	3,911	3,944
Yearly increase in expenditure on aircraft lease ^{2/}	118	868	609	621	492	501

Note ^{1/} Such investment will be recorded as finance lease assets and depreciated by the straight line method for 5 - 20 years according to useful life of each assets.

^{2/} Expenditure on aircraft lease under operating lease agreements will be recorded as expense in the statements of income.

(7) Income tax

Effective tax rate is set to be 7% throughout the projection period as TAA has been granted the BOI's tax incentives.

(8) Turnover rate of working capital

TAA's working capital turnover rate is projected based on its historical data and assumed to remain constant throughout the projection period, as follows:

— Turnover rate of trade accounts receivable	5	days
— Turnover rate of amounts due from related parties	9	days
— Turnover rate of inventories	2	days
— Turnover rate of prepaid expenses	4	days
— Turnover rate of trade accounts payable	11	days
— Turnover rate of amounts due to related parties	6	days
— Turnover rate of unearned revenues from ticket sales	47	days
— Turnover rate of accrued expenses	25	days

(9) Terminal growth rate

Terminal growth rate is estimated by the perpetuity growth model. TAA expects to maintain a terminal growth rate of 1% per year after the end of the projection period.

Based on the above assumptions for financial projection, we have calculated net value of TAA's equity by estimating net present value of free cash flow from the projection of performance and financial position of TAA, using the weighted average cost of capital (WACC) of 6.80% per year as a discount rate. WACC is calculated with the following formula:

$$\text{WACC} = K_e(E/V) + K_d(1-t)(D/V)$$

$$K_e = \text{Cost of equity, equal to 10.38\% per year}$$

$$K_d = \text{Average interest rate on loans (entirely short-term loans for use as working capital) of TAA, equal to 3.81\% per annum}$$

$$t = \text{Effective tax rate throughout the projection period, equal to 7\% (TAA has been granted the BOI's tax incentives)}$$

$$E/V = 47.69\%, \text{ based on shareholders' equity in TAA's consolidated financial statements, averaging over the projection period}$$

$$D/V = 53.31\%, \text{ based on interest-bearing debt in TAA's financial statements, averaging over the projection period}$$

Calculation of K_e :

$$K_e = R_f + \beta(R_m - R_f)$$

Where:

Risk free rate (R_f) Risk free rate of return on investment derived from www.thaibma.or.th as of December 27, 2017, equal to 3.25% per year, based on bid yield on government bond with maturity of 30 years, which is a period that could reflect investment condition in different time periods more accurately than shorter-term data

Beta (β)	Covariance of SET return compared with covariance of return on investment in the Company's ordinary shares, whereby the IFA has adopted the Company's beta derived from Bloomberg based upon the weekly trading data over the past three years from December 28, 2014 to December 27, 2017, which is equal to 0.703
Rm	Average rate of return on the SET over the past 30 years, a period that could reflect investment condition in different time periods more accurately than shorter-term data (from SET data for January 1988 – December 2017), equivalent to 13.39% per year

From the above assumptions, we could appraise total value of TAA's equity at Baht 58,091 million, the details of which are as follows:

	Unit: Baht million					
	Q4/2017	2018	2019	2020	2021	2022
EBIT*(1-income tax)	380	2,576	3,595	4,461	4,422	4,532
Add Depreciation and amortization	352	1,686	1,843	1,970	2,200	2,420
Change in working capital	768	1,425	1,279	1,205	886	1,015
Capital expenditure	(2,062)	(2,205)	(2,155)	(2,170)	(3,711)	(3,741)
Cash flow from operation	(561)	3,483	4,562	5,466	3,797	4,225
Terminal value						72,348
Total free cash flow	(561)	3,483	4,562	5,466	3,797	76,574
Discounted period	0.25	1.25	2.25	3.25	4.25	5.25
Discounted factor	0.98360	0.92063	0.86169	0.80652	0.75489	0.70656
PV of cash flow	(552)	3,206	3,931	4,408	2,866	54,104
TAA's enterprise value	67,964					
Add Cash and cash equivalent of TAA*	5,474					
Add Short-term investments of TAA*	1,510					
Less Interest-bearing debt of TAA*	(16,857)					
Total value of TAA's equity	58,091					

Note: * Based on interim financial statements of TAA, reviewed by the auditor, as of September 30, 2017

Since AAV operates as a holding company and has not engaged in any significant business other than investment in 55% of shares in TAA only, we have accordingly measured value of the Company's shares through a sum of the parts analysis. By this method, we have at first prepared a financial projection of TAA, which is the core business, and then reconciled value of TAA's equity, pro rata to the percentage of shareholding by the Company, with the items in the separate financial statement of the Company to arrive at a fair value of its shares. Details of the calculation are as follows:

	Unit: Baht million
Total value of TAA's equity	58,091
AAV's shareholding in TAA (%)	55%
Total value of investment in TAA pro rata to AAV's shareholding	31,950

<u>Add</u> Cash and cash equivalent of AAV*	66
<u>Add</u> Short-term investments of AVV*	-
<u>Less</u> Interest-bearing debt of AAV*	-
Total value of AAV's equity	32,016
Total number of ordinary shares (million shares)	4,850
Value of AAV shares (Baht/share)	6.60

Note: * Based on interim financial statements of AAV (separate financial statements), reviewed by the auditor, as of September 30, 2017

By the discounted cash flow approach, AAV shares are appraised at Baht 6.26 per share, which is under the base case scenario. We have additionally conducted a sensitivity analysis on such valuation of the Company's shares to identify the effect of potential changes as follows:

	Change rate	Value of AAV shares (Baht/share)
Terminal growth rate	+/- 1.00% per year	5.75 – 7.80
Exchange rate	+/- Baht 0.50/USD	5.52 – 7.67
Growth rate of fuel cost	+/- 1% per year	5.49 – 7.68
Load factor	+/- 1.00%	5.60 – 7.63
Ticket fare	+/- 0.25% per year	5.66 – 7.54

From the sensitivity analysis in case of changes in various factors as shown in the above table, the Company's share value will be in a range of Baht 5.49 – 7.80 per share, which is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% – 65.93%.

Conclusion of the IFA's opinion

Table illustrating comparison of the fair value of AAV shares measured by different approaches:

Unit: Baht/share

Valuation approach	Appraised value (1) (Baht/share)	Offer price (2) (Baht/share)	Appraised value higher (lower) than offer price (1) - (2)	
			(Baht/share)	(%)
1. Book value approach (BV)	4.59	4.70	(0.11)	(2.34)
2. Adjusted book value approach (ABV)	N/A	4.70	N/A	N/A
3. Market comparable approach				
(1) Price to book value (P/BV)	8.06 – 8.73	4.70	3.36 – 4.03	71.49 – 85.74
(2) Price to earnings (P/E)	3.14 – 3.37	4.70	(1.33) – (1.56)	(28.30) – (33.19)
(3) EV/EBITDA	2.94 – 3.45	4.70	(1.25) – (1.76)	(26.60) – (37.45)
(4) AEV/EBITDAR	1.80 – 1.90	4.70	(2.80) – (2.90)	(59.57) – (61.70)
4. Market value approach	6.35 – 6.47	4.70	1.65 – 1.77	35.11 – 37.66
5. Discounted cash flow approach (DCF)	5.49 – 7.80	4.70	0.79 – 3.10	16.87 – 65.93

The above valuation approaches have different strengths and weaknesses in determining reasonableness of the share value, as described below:

1) Book value approach reflects the Company's financial position at a certain point of time including the book value of assets, but does not reflect the actual market value of assets and profitability prospect of the Company in the future.

2) Adjusted book value approach can reflect the more updated net asset value of the Company compared with the book value approach, but it does not reflect the future profitability prospect of the Company. Nonetheless, the Company has not made any revaluation of the aircraft, leasehold improvements and equipment, which are its core operating assets worth Baht 22,737.53 million or 37.91% of total assets or 62.69% of tangible assets (total assets minus intangible assets and goodwill) under its consolidated financial statements as of September 30, 2017 and the adjustment to which will accordingly have the most effect on the share valuation by this approach. As such, the share value appraised by this approach without an adjustment made to such item that will most affect the net asset value could not reflect the true value of the Company. Therefore, we have not appraised the Company's shares by the adjusted book value approach based on the reasons discussed above.

3) Market comparable approach, comprising P/E, P/BV, EV/EBITDA and AEV/EBITDAR ratios comparisons, may not reflect the actual value of the Company due to the diversity and difference among the selected Peer Group in terms of, for example, business policy, marketing plan, customer base, future business plan, financial structure and profitability of the individual entities. Moreover, there is substantial variation in the ratios of the Peer Group. Despite exclusion of the outliers from the average ratio calculation, the effect of those ratio variations may not be completely eliminated. At the same time, the exclusion of the outliers from the calculation results in a smaller number of selected peer companies, thus leading the derived value to fail to accurately reflect the true value or price of the Company's shares.

4) Market value approach can well reflect demand and supply of shares in different periods. The daily trading volume of AAV shares in different retroactive periods of three months, six months, nine months and 12 months was in a range of 16.67 million – 18.61 million shares per day or roughly 0.15% – 0.38% of its total paid-up shares, and the 12-month trading volume up to December 27, 2017 amounted to 4,558.66 shares or 93.99% of its total paid-up shares. This demonstrates high trading liquidity of the Company's shares. Therefore, the share value measured by this approach can well reflect a fair value of the Company's shares.

5) Discounted cash flow approach focuses on the Company's future business operation and profitability prospect. The share valuation is made through an estimation of the present value of expected future free cash flow based on past operational results, taking into account the economic trend and the Company's future operation. Thus, it can reflect the Company's actual value more accurately than all other approaches.

In our opinion, the suitable methods for valuation of the Company's shares are the market value approach because it reflects investors' demand for and supply of the Company's shares and can well measure the share value and

the discounted cash flow approach because it focuses on the Company's future operation and profitability based on the present value of expected future free cash flow, taking into account the overall economic and industrial trend. Under these two approaches, the Company's shares are appraised in a range of Baht 5.49 – 7.80 per share, which is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% – 65.93%.

2. Reasons to accept and/or reject the tender offer

Having considered the tender offer (Form 247-4), the tender offer price and all relevant information, the IFA is of the opinion that the shareholders should **reject** the tender offer. The details of our opinion are as follows:

2.1. Reasons to reject the tender offer

(1) The offer price is not reasonable.

In our opinion, a fair value of AAV measured by the Market approach and Discounted Cash Flow approach is in a range of Baht 5.49 – 7.80 per share, which is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% - 65.93%.

Therefore, we view that the offer price for AAV shares of Baht 4.70 per share in **not reasonable**.

The minority shareholders who intend not to hold the Company's shares any longer may consider selling the shares on the SET, but they should also pay attention to risk associated with trading liquidity and possible decrease in share price a large amount of shares are sold.

3. Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

The IFA has analyzed the benefits or impacts from the plans and policies indicated by the Offeror in the tender offer and viability of such plans and policies, the details of which are as follows:

3.1. Company status

The Offeror has no intention to delist the Company's securities from the SET in the next 12 months from the end of the tender offer period, except for the following cases:

1. The Company is not able to maintain the listing status in accordance with the regulations of the SET and must delist its ordinary shares in order to comply with applicable laws and regulations effective at that time.
2. There is a restructuring of the Company, which results from the approval of the shareholders' meeting of the Company, and the Company is required to delist its securities from the SET in order to comply with applicable laws and regulations effective at that time.

We are of the opinion that since the Company will continue to be a listed entity on the SET, the Company and its shareholders will by no means be affected by a change in the listing status or by a delisting of the Company's shares during such period. At the same time, there will be no impact on the shareholders who intend not to sell their shares in this tender offer with respect to a secondary market for trading the Company's shares.

Our opinion regarding the two exceptions mentioned above is as follows:

1. "The Company is not able to maintain the listing status in accordance with the regulations of the SET and must delist its ordinary shares." We deem that, since the offer price of Baht 4.70 per share is lower than the trading price on the SET. It is expected that the minority shareholders will reject the tender offer and, thus, there will be no impact on the shareholding distribution and the maintaining of listing status of the Company. However, given that the tender offer is accepted by the shareholders to the extent that leads the number of minority shareholders to be lower than 150 or the aggregate minority shareholding to be less than 15% of the total paid-up shares of the Company, the Company may risk failing to maintain its listing status.
2. "There is a restructuring of the Company, which results from the approval of the shareholders' meeting of the Company, and the Company is required to delist its securities from the SET." We view that the restructuring of the Company is subject to prior approval from the shareholders' meeting with required affirmative votes of at least three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, and to delist its shares from the SET, the Company must also seek approval from the shareholders' meeting with required affirmative votes of at least three-fourths of the total issued shares of the Company. In this respect, the dissenting minority shareholders can gather votes to object to such business restructuring and securities delisting.

3.2. Plan on sale of the Company's shares

The Offeror has no intention to sell or transfer a substantial amount of securities of the Company within 12 months from the end of the tender offer period, except for the following cases:

1. The Offeror is obligated to comply with applicable laws and/or regulations effective at that time.
2. The Offeror sells or transfers shares to persons under Section 258 of the Securities and Exchange Act B.E. 2535.
3. There is a restructuring of the Company, which results from the approval of the shareholders' meeting of the Company.
4. The Offeror may sell a part of the Company's securities as deemed fit in order to relieve financial burden or due to the need to make loan prepayment or due to the enforcement of collateral in case of failure to fulfill terms and conditions in credit facility agreements.

We are of the opinion that, during the 12-month period, there will be no impact on the minority shareholders from a change in the Company's major shareholders because the Offeror has no intention to sell or transfer a substantial amount of the Company's shares within 12 months from the end of the tender offer period.

Our opinion regarding the four exceptions mentioned above is as follows:

1. "The Offeror is obligated to comply with applicable laws and/or regulations effective at that time." We deem that, since the offer price of Baht 4.70 per share is lower than the trading price on the SET. It is expected that the minority shareholders will reject the tender offer and, thus, there will be no impact on the shareholding distribution and the maintaining of listing status of the Company. However, given that the tender offer is accepted by the shareholders to the extent that leads the number of minority shareholders to be lower than 150 or the aggregate minority shareholding to be less than 15% of the total paid-up shares of the Company, the Company may risk failing to maintain its listing status.

Nonetheless, in the event that the Offeror must comply with the relevant rules and regulations of the SEC and/or the SET and/or other laws, we view that after completion of the tender offer, the Offeror may acquire a substantial amount of the Company's shares to the extent causing the Company to fail to fully meet the qualification for maintaining the listing status with respect to the free float requirement. If this happens, the Offeror may consider a partial sale of the Company's shares so as to maintain the trading liquidity and satisfy the SET's free float requirement. However, this tender offer is prompted by the Offeror's intention to be the Company's major shareholder and have the absolute decision-making power to ensure flexibility in business administration. We therefore believe that, despite a partial sale of the Company's shares to meet the free float requirement, the Offeror will continue to be the Company's major shareholder at least during 12 months from the end of the tender offer period.

2. "The Offeror sells or transfers shares to persons under Section 258 of the Securities and Exchange Act B.E. 2535." We are of the opinion that the minority shareholders will not be affected at all because this is simply a switch of shares ownership between the Offeror and persons under Section 258 of the Offeror.
3. "There is a restructuring of the Company, which results from the approval of the shareholders' meeting of the Company." We view that the restructuring of the Company is subject to prior approval from the shareholders' meeting with required affirmative votes of at least three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, whereby the minority shareholders can exercise the right to vote for or against such restructuring at the said meeting.
4. "The Offeror may sell a part of the Company's securities as deemed fit in order to relieve financial burden or due to the need to make loan prepayment or due to the enforcement of collateral in case of failure to fulfill terms and conditions in credit facility agreements." We views that if the sale of shares aims to partially lessen financial burden through the stock market while the majority shareholding is still maintained, it will neither hamper investors' and minority shareholders' confidence nor cause a price dilution effect,

considering that the business management and operation will remain unchanged. In addition, from our interview with the Offeror and Tender Offer Preparer, the Offeror affirms that the Offeror intends to be the major shareholder of the Company.

3.3. Policies and plans on business operation

The Offeror has no intention to materially change the business objective and business operation plan or policy of the Company. However, if the occasion serves and aligns with business strategy of the Company, the Offeror may arrange for the Company, its subsidiaries or associated companies to undertake business acquisition, merger or restructure within 12 months from the end of the tender offer period. The Offeror has not made any agreement with regard to such matters and will therefore ensure they are carried out in compliance with relevant laws and regulations such as the seeking of approval from the shareholders' meeting.

We are of the opinion that within 12 months after completion of the tender offer, the Offeror has no plan to make a material change to the business objective and business operation plan or policy of the Company. The Offeror has served as, and still is, director and top executive of the Company and TAA for a long period of time and has all along played a part in policy-making and business administration of the Company and TAA, as well as in determining the current business operation plan and policy of the Company and TAA. As such, we believe that the Offeror will not materially change the said business operation plan and policy.

Nonetheless, the Offeror still welcomes any business opportunities that will benefit the Company, including business acquisition, merger or restructuring, and will ensure the said change of business operation plan or policy is carried out in compliance with the relevant laws and regulations. If it is a material change that requires the approval of the shareholders' meeting, the minority shareholders will then be able to exercise the right to vote for or against such transaction.

3.4. Plan on disposal or transfer of core assets of the Company

Since the Offeror has not mentioned about plan on disposal or transfer of core assets of the Company in the tender offer, we are unable to express opinion on this matter. However, the Offeror has served as, and still is, director and top executive of the Company and TAA for a long period of time and had been the Company's major shareholder from its inception in 2012 until June 2016, and later buy the shares back from Srivaddhanaprabha Group to restore his major shareholding in the Company with the intention to continue his administrative role in the Company. Therefore, we believe that the Offeror will not sell or transfer the core assets that will affect the Company's business operation.

3.5. Plan on organization and human resources

Since the Offeror has not mentioned about plan on organization and human resources of the Company in the tender offer, we are unable to express opinion on this matter. However, the Offeror has served as director and top executive of the Company and TAA and, on December 27-28, 2017, nominated his representatives as directors to replace the four representatives of Srivaddhanaprabha Group, leading the Offeror to have six representatives sitting on the Company's Board of Directors out of the total nine board members (three of whom are independent directors). Therefore, we believe that the Offeror will not materially change the plan on organization and human resources within 12 months after completion of the tender offer.

3.6. Dividend policy

Currently, the Company and TAA have a policy to make dividend payment based on their operational performance, liquidity, cash flow and financial status, the conditions and restrictions on dividend payment as stipulated in the credit facility agreements, debenture agreements or other relevant agreements that the Company and TAA must comply with, the future business plan, the need for investments and other factors deemed appropriate by the Board of Directors of the Company and TAA. As indicated in the tender offer (Form 247-4), the Offeror has no plan to change the dividend policy.

In our opinion, although the Offeror will not change the dividend policy, the Company and TAA have not clearly indicated the rate of dividend payment and, hence, it will be difficult for the shareholders to forecast dividend yield on their investment in the Company's shares. The dividend payment made by the Company from its performance in 2015-2017 is as follows:

Performance period	Dividend (Baht/share)	Payment date	Type
Jan 1, 17 – Nov 10, 17	0.15	Dec 7, 17	Cash dividend
Jan 1, 16 – Nov 11, 16	0.15	Dec 7, 16	Cash dividend
Jan 1, 15 – Aug 31, 15	0.10	Sep 29, 15	Cash dividend

In addition, in case the Company has funding needs for its future investments and the Board of Directors decides to reduce the rate of dividend payment, the shareholders will then be affected by a decrease in dividend receivable at least in the short term. When such investments can generate the required rate of return, the shareholders will likely receive dividend at about the same rate or probably a higher rate.

3.7. Plan on financial structure

Since the Offeror has not mentioned about plan on financial structure of the Company in the tender offer, we are unable to express opinion on this matter. However, the Offeror has not indicated any significant investment plan other than the existing business plan of the Company. We accordingly believe that the Company will not require a substantial

amount of additional funding to the extent that will necessitate an increase in its registered and paid-up capital. Besides, the Company may otherwise fulfill its additional funding needs through borrowing from financial institutions or issuance of various types of debt instruments, considering that its D/E ratio as of September 30, 2017 still remained at a low level of just 1.26 times.

3.8. Related party transactions

Before launching this tender offer, the Offeror has served as director and chief executive officer of the Company and TAA and held 41.32% of total voting rights of the Company. The Offeror and persons under Section 258 of the Offeror have entered into the following related party transactions with the Company and/or TAA:

	Person with possible conflict of interest	Relationship with the Offeror	Type of transaction
1	Thai AirAsia X Co., Ltd. (“TAAX”)	The Offeror holds 46.00% of TAAX’s shares and also acts as its director.	<ul style="list-style-type: none"> ● Passenger revenues received on behalf of members within AirAsia group ● Advance payment within AirAsia group
2	Bangkok Aviation Center Co., Ltd. (“BAC”)	The Offeror holds 50.00% of BAC’s shares.	<ul style="list-style-type: none"> ● Rental fees for simulation flights of A320 FSTD Type VI ● Cooperation in commercial pilot training ● Cooperation in Student Aircraft Mechanic Program
3	Wealth Ventures Co., Ltd.	The Offeror holds 66.44% of Wealth Ventures’ shares.	<ul style="list-style-type: none"> ● Expenses for room services and meeting room services at Mercure Hotel Bangkok, Makkasan

After completion of the tender offer, the Offeror has not planned to make any material change in type and size of the existing related party transactions. However, the Offeror will carefully consider and ensure that terms and conditions of the present and future related party transactions are similar to those of normal business transactions conducted on an arm’s-length basis or comply with rules and regulations regarding connected transactions of the SEC, regulations of the SET and/or other relevant laws.

In our opinion, the related party transactions between the Company and the Offeror before and after the tender offer will not change significantly within 12 months after completion of the tender offer. The above mentioned related party transactions are deemed as the arm’s-length transactions executed in the usual course of business and will be carried on. Moreover, size of the future transactions will not differ significantly from the existing transactions.

In executing the said related party transactions and any other related party transactions, the Company and TAA will comply with relevant laws, notifications and regulations of the SEC and the SET and will identify the necessity and reasonableness of such transactions, as well as the appropriateness of price and terms and conditions of the transactions and the interests of the Company and TAA, before proposing to the Board of Directors and/or the shareholders' meeting, as the case may be. The parties having a vested interest therein will not participate in the consideration and approval of such transactions. In the case where the Audit Committee has no expertise in any of the related party transactions, the Company and/or TAA will engage an independent expert or auditor to provide opinion on such transactions.

4. Benefits to and impacts on the shareholders who reject the tender offer
(only in case of a delisting tender offer)

- None -

This transaction is not a delisting tender offer.

5. Conclusion of the IFA's opinion

Based on the information and reasons described above, the IFA is of the opinion that the offer price of Baht 4.70 per share is not appropriate since it is lower than a fair value of AAV shares as measured by the IFA, using the market value approach and discounted cash flow approach, in a range of Baht 5.49 – 7.80 per share. Such fair value is higher than the offer price of Baht 4.70 per share by Baht 0.79 – 3.10 per share or 16.87% - 65.93%. Therefore, we recommend that the shareholders should **reject** the tender offer.

In deciding whether to accept or reject the tender offer proposed by the Offeror, the shareholders should study the information in the tender offer (Form 247-4), the opinion of the Company regarding the tender offer (Form 250-2), and the IFA's opinion provided herein to be a basis for your decision-making. The final decision, however, depends primarily on the shareholders' individual judgment.

We hereby certify that we have rendered opinion regarding the above transaction with due care based on professional practices and in the best interest of the shareholders.

Yours sincerely,

Advisory Plus Company Limited

- *Mr. Thawatchai Vorawandthanachai* -

(Mr. Thawatchai Vorawandthanachai)

Managing Director

- *Mr. Thanasak Boulowpetch* -

(Mr. Thanasak Boulowpetch)

Operational Controller