



**AIRASIA BERHAD**  
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2014

## ANNOUNCEMENT

The Board of Directors of AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as “the Group”) for the third quarter ended 30 September 2014.

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Revenue	10	1,316,992	1,280,293	3,928,678	3,835,183
Operating expenses:					
- Staff costs		(158,561)	(137,276)	(468,462)	(444,922)
- Depreciation of property, plant and equipment		(180,418)	(164,823)	(534,668)	(474,022)
- Aircraft fuel expenses		(521,078)	(538,143)	(1,633,378)	(1,559,285)
- Maintenance and overhaul		(41,246)	(42,444)	(115,649)	(119,388)
- User charges and other related expenses		(139,049)	(129,481)	(396,921)	(372,625)
- Aircraft operating lease expenses		(49,687)	(48,771)	(150,734)	(139,502)
- Other operating expenses		(55,030)	(32,224)	(159,926)	(119,970)
Other income	11	28,456	52,627	125,140	81,801
Share of results of jointly controlled entities	22	43,824	9,911	54,623	6,365
Share of results of associates	22	(17,197)	13,953	(20,482)	67,707
Share of results of discontinued associates		-	-	-	(41,032)
<b>Operating Profit</b>		<b>227,006</b>	<b>263,622</b>	<b>628,221</b>	<b>720,310</b>
Finance Income	26	37,875	16,394	85,881	88,370
Finance Costs	26	(135,392)	(109,622)	(381,482)	(325,328)
<b>Net operating profit</b>		<b>129,489</b>	<b>170,394</b>	<b>332,620</b>	<b>483,352</b>
Foreign Exchange gain/(loss) on borrowings	26	(152,656)	(155,167)	52,203	(315,053)
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities		49,633	9,884	30,790	23,001
Gain on disposal of interest in Japan AirAsia		-	-	-	78,265
<b>Profit before tax</b>		<b>26,466</b>	<b>25,111</b>	<b>415,613</b>	<b>269,565</b>
Current Taxation	27	(10,617)	(3,210)	(17,010)	(13,688)
Deferred taxation	27	(10,452)	13,581	113,668	(57,254)
<b>Profit after tax</b>		<b>5,397</b>	<b>35,482</b>	<b>512,271</b>	<b>198,623</b>
Attributable to:					
-Equity holders of the company		5,397	35,482	512,271	198,623
-Minority interests		-	-	-	-
		<b>5,397</b>	<b>35,482</b>	<b>512,271</b>	<b>198,623</b>

Basic earnings per share (sen) 0.2 1.3 18.4 7.1  
Diluted earnings per share (sen) 0.2 1.3 18.4 7.1

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
<b>Profit for the period</b>	5,397	35,482	512,271	198,623
Other comprehensive (loss)/income				
Available-for-sale financial assets	30,833	119,542	(69,723)	314,244
Cash flow hedges	12 (57,984)	74,827	(158,247)	121,517
Foreign currency translation differences	-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	(21,754)	229,851	284,301	634,384
Total comprehensive income attributable to:				
Equity holders of the company	(21,754)	229,851	284,301	634,384
Minority Interest	-	-	-	-



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	PERIOD ENDED	YEAR ENDED
	30/09/2014 RM'000	31/12/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	415,613	361,235
Adjustments:		
Property, plant and equipment		
- Depreciation	534,668	597,258
- Gain on disposal	(7,116)	(3,036)
- Gain on fair value of interest in AirAsia Japan	-	(78,265)
Fair value (gains)/losses on derivative financial instruments	(98,857)	(287,266)
Share of results of jointly-controlled entities	(54,623)	(13,599)
Share of results of associates	20,482	(41,663)
Gain on disposal of available-for-sale financial asset	(42,077)	-
Impairment on available-for-sale financial asset	-	2,685
Net unrealised foreign exchange (gain)/loss	33,261	517,669
Impairment of receivables	-	18,864
Interest expense	373,755	428,406
Interest income	(85,881)	(64,208)
	1,089,225	1,438,080
<b>Changes in working capital</b>		
Inventories	7,675	(5,795)
Receivables and prepayments	(139,318)	(197,217)
Trade and other payables	181,636	464,809
Intercompany balances	(717,904)	(369,431)
<b>Cash generated from operations</b>	421,314	1,330,446
Interest paid	(358,505)	(411,117)
Interest received	85,881	64,208
Tax paid	(7,273)	(22,399)
<b>Net cash from operating activities</b>	<b>141,417</b>	<b>961,138</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(1,937,088)	(2,117,455)
- Proceeds from disposal	78,267	16,437
Investment in an associate	(15,481)	(55,975)
Loan granted to associates	(250,032)	(145,514)
Proceeds from disposal of available-for-sale financial asset	44,584	-
Loan repayments received from associates	-	30,649
Proceeds from disposal of associate	-	78,265
Deposit on aircraft purchase	142,073	(152,483)
Placement of restricted cash	-	(171,529)
<b>Net cash used in investing activities</b>	<b>(1,937,677)</b>	<b>(2,517,605)</b>
<b>CASH FLOWS FROM FINANCING FACILITIES</b>		
Proceeds from allotment of shares	2,064	1,248
Proceeds from borrowings	2,336,259	2,424,972
Dividend paid	(111,292)	(667,214)
Repayment of borrowings	(704,744)	(1,250,227)
Deposits pledged as securities	(1,072)	(928)
<b>Net cash from / (used in) financing activities</b>	<b>1,521,215</b>	<b>507,851</b>
<b>NET INCREASE FOR THE FINANCIAL PERIOD/YEAR</b>	<b>(275,045)</b>	<b>(1,048,616)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>1,194,490</b>	<b>2,219,243</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>(34,884)</b>	<b>23,863</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	<b>884,561</b>	<b>1,194,490</b>

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2013



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		AS AT	AS AT
		30/09/2014	31/12/2013
		RM'000	RM'000
	Note		
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	14	12,616,979	11,292,826
Investment in associates	22	262,598	260,483
Investment in a jointly controlled entity	22	188,977	134,354
AFS Financial Assets		499,665	571,895
Goodwill		7,334	7,334
Deferred tax assets		494,863	381,195
Receivables and prepayments		1,062,258	847,573
Deposit on aircraft purchase		500,321	642,394
Amounts due from an associate		521,216	559,190
Derivative Financial Instruments	32	158,715	235,665
		16,312,926	14,932,909
<b>CURRENT ASSETS</b>			
Inventories		21,844	29,520
Receivables and prepayments		646,840	731,506
Amounts due from a jointly controlled entity		47,453	33,703
Amount due from associates		1,603,407	738,735
Amount due from a related party		150,503	6,113
Deposits, bank and cash balances		1,084,120	1,380,435
Derivative Financial Instruments	32	642	3,173
		3,554,809	2,923,185
<b>CURRENT LIABILITIES</b>			
Trade and other payables		978,367	744,998
Sales in advance		404,279	661,590
Derivative Financial Instruments	32	37,309	29,545
Amount due to associate		467	467
Amount due to a related party		3,636	15,145
Borrowings	31	1,777,749	1,119,436
Current tax liabilities		8,322	1,074
		3,210,129	2,572,255
<b>NET CURRENT ASSETS</b>			
		344,680	350,930
<b>NON CURRENT LIABILITIES</b>			
Other payables and accruals		1,164,439	918,864
Amount due to an associate		79,534	60,859
Borrowings	31	10,013,715	9,051,416
Derivative Financial Instruments	32	223,894	251,768
		11,481,582	10,282,907
		<b>5,176,024</b>	<b>5,000,932</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	7	278,297	278,106
Share Premium		1,230,941	1,229,068
Foreign exchange reserve		874	855
Retained earnings		3,327,470	2,926,491
Other Reserves		338,442	566,412
Shareholders' funds		5,176,024	5,000,932
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.86	1.80

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Company								Minority Interest RM'000	TOTAL EQUITY RM'000
	Issued and fully paid ordinary shares of RM0.10 each		Share Premium RM'000	Foreign Exchange Reserves RM'000	Cash Flow Hedge Reserves RM'000	AFS Reserves RM'000	Retained Earnings RM'000	Total RM'000		
	Number of shares 000	Nominal Value RM'000								
At 1 January 2014	2,781,064	278,106	1,229,068	855	80,065	486,347	2,926,491	5,000,932	-	5,000,932
Net Profit for the period	-	-	-	-	-	-	512,271	512,271	-	512,271
Other comprehensive income	-	-	-	19	(158,247)	(69,723)	-	(227,951)	-	(227,951)
Dividends	-	-	-	-	-	-	(111,292)	(111,292)	-	(111,292)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,912	191	1,873	-	-	-	-	2,064	-	2,064
At 30 September 2014	2,782,976	278,297	1,230,941	874	(78,182)	416,624	3,327,470	5,176,024	-	5,176,024
At 1 January 2013	2,779,908	277,991	1,227,935	451	(98,148)	220,559	4,273,311	5,902,099	-	5,902,099
Effects of adoption of MFRS 128	-	-	-	-	-	-	(1,041,730)	(1,041,730)	-	(1,041,730)
At 1 January 2013 (restated)	2,779,908	277,991	1,227,935	451	(98,148)	220,559	3,231,581	4,860,369	-	4,860,369
Net profit for the financial year	-	-	-	-	-	-	362,124	362,124	-	362,124
Other comprehensive income	-	-	-	404	178,213	265,788	-	444,405	-	444,405
Dividends	-	-	-	-	-	-	(667,214)	(667,214)	-	(667,214)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,156	115	1,133	-	-	-	-	1,248	-	1,248
At 31 December 2013	2,781,064	278,106	1,229,068	855	80,065	486,347	2,926,491	5,000,932	-	5,000,932

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**KEY OPERATING STATISTICS – 30 SEPTEMBER 2014**

Performance indicator for Malaysian operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul - Sep 2014	Jul - Sep 2013	Change y-o-y
Passengers Carried	5,288,896	5,262,752	0%
Capacity	6,908,400	6,874,920	0%
Seat Load Factor	77%	77%	0 ppt
RPK (million)	6,524	6,417	2%
ASK (million)	8,521	8,443	1%
Average Fare (RM)	169	169	0%
Ancillary Income Per Pax (RM)	47	41	15%
Unit Passenger Revenue (RM)	216	210	3%
Revenue / ASK (sen)	15.46	15.16	2%
Revenue / ASK (US cents)	4.82	4.72	2%
Cost / ASK (sen)	12.79	12.41	3%
Cost / ASK (US cents)	3.99	3.87	3%
Cost / ASK-ex Fuel (sen)	6.68	6.03	11%
Cost / ASK-ex Fuel (US cents)	2.08	1.88	11%
Aircraft (end of period)	81	66	23%
Average Stage Length (km)	1,234	1,157	7%
Number of Flights	38,380	38,194	0%
Fuel Consumed (Barrels)	1,387,187	1,253,439	11%
Average Fuel Price (US\$ / Barrel)	117	134	-13%

*Exchange Rate: RM:USD – 3.2095 - prior year US cent figures are restated at the current period average exchange rate*

**Definition and calculation methodology**

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before operating profit divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



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## NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2014

### **1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

### **2. Summary of significant accounting policies**

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2013.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2013 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 31 December 2013.

The adoption of MFRS 11 “Joint Arrangements”, with effect from 1 January 2013, is reflected in the interim financial statements. The standard requires the fair value gain on the remaining 45% equity interest in Thai AirAsia of RM1,041.7 million arising from the reduction in shareholding in Thai AirAsia Co Ltd, which was recognised in the Group’s financial statements for the financial year ended 31 December 2012, to be reversed. The Group will continue to equity account for its interest in Thai AirAsia Co Ltd, but it does not need to re-measure its continuing ownership interest at fair value. This standard is to be applied retrospectively and the reversal of the gain is reflected in the balance sheet at 31 December 2012.



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## **NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2014**

### **3. Auditors' report on preceding annual financial statements**

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the financial year ended 31 December 2013 in their report dated 28 April 2014.

### **4. Seasonality of operations**

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The seat load factor was 77% in the quarter under review, which was consistent with the same period last year. Compared against the immediate preceding quarter (second quarter April – June 2014), the seat load factor was 3 percentage points higher than the seat load factor in the quarter under review. This seasonal pattern is in line with the expectation of the Group.

### **5. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date.

### **6. Changes in estimates**

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

### **7. Capital and reserves**

During quarter ended 30 September 2014, the total issued and paid-up share capital of the Company remained unchanged at RM278,297,408. There was no cancellation, repurchase or resale and repayment of debt and equity securities for the period ended 30 September 2014.

### **8. Dividend paid**

No dividends were declared or approved in the quarter ended 30 September 2014.

### **9. Segment reporting**

The Group operates a single reportable segment, that of Airline Operations.



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**NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2014**

**10. Revenue**

	<b>Quarter ended 30/9/2014 RM million</b>	<b>Quarter ended 30/9/2013 RM million</b>
Passenger seat sales	725.9	741.8
Baggage fees	110.5	112.0
Aircraft operating lease income	192.7	175.9
Surcharges and fees	164.1	147.0
Other revenue	123.8	103.6
	<u>1,317.0</u>	<u>1,280.3</u>

Other revenue includes assigned seat, freight, cancellation, documentation and other fees and the on-board sale of meals and merchandise.

**11. Other Income**

	<b>Quarter ended 30/9/2014 RM million</b>	<b>Quarter ended 30/9/2013 RM million</b>
Gain/(loss) on disposal of property, plant and equipment	(6.5)	11.5
Others	35.0	41.1
	<u>28.5</u>	<u>52.6</u>

Other income ('others') includes brand licence fees, commission income and advertising income.

**12. Other Comprehensive Income**

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 30 September 2014 as compared to 30 June 2014 as follows:

	<b>Quarter ended 30/9/2014 RM million</b>	<b>Quarter ended 30/6/2014 RM million</b>
Fair value gain/(loss) in the period	30.8	(32.9)
Amount transferred to income statement	(58.0)	(69.0)
	<u>(27.2)</u>	<u>(101.9)</u>

Fair value changes in effective hedging contracts are recognized directly in equity and are transferred to the income statement in the same period as the underlying hedged item impacts profit or loss.



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**NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2014**

**13. Disclosure of Realised and Unrealised Profits**

The cumulative retained profit of the Group and its subsidiaries comprises realized and unrealized profit as disclosed in the table below.

	<b>As at 30/9/2014 RM'000</b>	<b>As at 31/12/2013 RM'000</b>
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	2,775,819	2,358,327
Unrealised	461,602	512,256
	<u>3,237,421</u>	<u>2,870,583</u>
Total share of accumulated gains/(losses) from associates		
Realised	12,746	33,228
Unrealised	-	-
	<u>12,746</u>	<u>33,228</u>
Total share of accumulated gains/(losses) from jointly controlled entities		
Realised	77,303	22,680
Unrealised	-	-
	<u>77,303</u>	<u>22,680</u>
Total group retained profit as per consolidated accounts	<u><b>3,327,470</b></u>	<u><b>2,926,491</b></u>

**14. Property, plant and equipment**

*(a) acquisition and disposals*

During the quarter ended 30 September 2014, the Group acquired property, plant and equipment with a cost of RM395.4 million (quarter ended 30 September 2013: RM379.6 million).

During the quarter ended 30 September 2014, proceeds from disposal of property, plant and equipment totaled RM77.8 million (quarter ended 30 September 2013: RM4.5 million).



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*(b) revaluation*

There was no revaluation of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

*(c) impairment*

There was no impairment of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

**15. Post balance sheet events**

There were no material events after the period end that have not been reflected in the financial statements for the financial period ended 30 September 2014 as at the date of this report.

**16. Changes in composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

**17. Contingent assets**

As at the date of this report, the Group does not have any contingent assets.

**18. Changes in contingent liabilities since the last annual balance sheet date**

There were no material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2013.

**19. Capital commitments outstanding not provided for in the interim financial report**

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>30/9/2014</u>	<u>30/9/2013</u>
	RM'000	RM'000
Approved and contracted for	48,404,197	51,829,846
Approved but not contracted for	14,762,250	14,667,750
	-----	-----
	63,166,447	66,497,596
	=====	=====



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**NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2014**

**20. Material related party transactions**

Details of the relationship and transactions between AirAsia and its related parties are as described below. The related party transactions described were carried out on the terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

<b>Name of company</b>	<b>Relationship</b>
Thai AirAsia	Associate of a subsidiary
PT Indonesia AirAsia	Associate of a subsidiary
AirAsia Inc (Philippines)	Associate of a subsidiary
AirAsia India Private Limited	Associate of a subsidiary
AirAsia Japan Co. Ltd (ANA Holdings Inc.)	Former associate of a subsidiary
Asian Aviation Centre of Excellence Sdn Bhd	Joint venture
AirAsia X Sdn. Bhd.	Company with common directors and shareholders

These following items have been included in the Income Statement

	<b>Quarter ended 30/9/2014 RM'000</b>	<b>Quarter ended 30/9/2013 RM'000</b>
<b>Thai AirAsia</b>		
Lease rental income on aircraft	91,814	84,898
<b>Indonesia AirAsia</b>		
Lease rental income on aircraft	79,981	67,910
<b>Philippines AirAsia</b>		
Lease rental income on aircraft	21,125	7,145
<b>India AirAsia</b>		
Lease rental income on aircraft	4,134	-
<b>Japan AirAsia</b>		
Lease rental income on aircraft	-	15,979
<b>AirAsia X Berhad</b>		
Services charged to AirAsia X Berhad	1,649	1,657
<b>Asian Aviation Centre of Excellence Sdn Bhd</b>		
Training costs charged to AirAsia Berhad	(3,391)	(4,515)



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**21. Review of performance**

**Performance of current quarter against the same quarter last year for Malaysia**

<b>Quarter Ended: 30 September</b>	<b>Jul - Sep 2014</b>	<b>Jul - Sep 2013</b>	<b>Change y-o-y</b>
<b>RM'000</b>			
<b>Revenue</b>	<b>1,316,992</b>	<b>1,280,293</b>	<b>3%</b>
Operating expenses:			
- Staff costs	(158,561)	(137,276)	16%
- Depreciation of property, plant and equipment	(180,418)	(164,823)	9%
- Aircraft fuel expenses	(521,078)	(538,143)	-3%
- Maintenance and overhaul	(41,246)	(42,444)	-3%
- User charges and other related expenses	(139,049)	(129,481)	7%
- Aircraft operating lease expenses	(49,687)	(48,771)	2%
- Other operating expenses	(55,030)	(32,224)	71%
Other income	28,456	52,627	-46%
Share of results of jointly controlled entities	43,824	9,911	342%
Share of results of associates	(17,197)	13,953	-223%
<b>Operating Profit</b>	<b>227,006</b>	<b>263,622</b>	<b>-14%</b>
Finance Income	37,875	16,394	131%
Finance Costs	(135,392)	(109,622)	24%
<b>Net operating profit</b>	<b>129,489</b>	<b>170,394</b>	<b>-24%</b>
Foreign Exchange gain/(loss) on borrowings	(152,656)	(155,167)	-2%
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities	49,633	9,884	402%
<b>Profit before tax</b>	<b>26,466</b>	<b>25,111</b>	<b>5%</b>
Current Taxation	(10,617)	(3,210)	231%
Deferred taxation	(10,452)	13,581	-177%
<b>Profit after tax</b>	<b>5,397</b>	<b>35,482</b>	<b>-85%</b>
EBITDAR	<b>457,111</b>	<b>477,216</b>	<b>-4%</b>
EBITDAR Margin	35%	37%	-2 ppt
EBIT Margin	17%	21%	-4 ppt



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The Group recorded revenue of RM1,317.0 million for the quarter ended 30 September 2014 (“3Q14”), 3% higher than the revenue of RM1,280.3 million recorded in the quarter ended 30 September 2013 (“3Q13”). The revenue growth was supported by a 0.5% increase in passenger numbers and a 3% increase in unit passenger revenues to RM216 as compared to RM210 achieved in 3Q13. Ancillary income per passenger increased by 15% to RM47 year-on-year. The seat load factor was at 77%, consistent with the same period last year.

The profit before tax for the period was RM26.5 million compared to RM25.1 million in the same quarter of 2013 while the profit after tax for the period was RM5.4million compared to RM35.5 million in the same quarter of 2013.

### Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	July - Sept 2014	Apr - June 2014
Cash from Operations	151,819	(89,214)
Cash from Investing Activities	(202,969)	(1,317,682)
Cash from Financing Activities	14,280	1,253,417
<b>Net Cash Flow</b>	<b>(36,870)</b>	<b>(153,479)</b>

The Group’s cash generated from operations was RM85.1 million, compared to cash out flows from operations of RM89.2 million in the immediate preceding quarter ended 30 June 2014. Net cash flow in the quarter amounted to a RM36.9 million outflow, as cash out flows from investing activities exceeded financing and operations cash in flows.

### Balance sheet commentary for current quarter

Balance Sheet RM million	September 2014	June 2014
Total Debt	11,791	11,488
Cash	1,084	1,368
<b>Net Debt</b>	<b>10,707</b>	<b>10,120</b>
Net Gearing	2.07	1.95

The Group’s total debt as of end of September 2014 was RM11.8 billion. The Group’s net debt after offsetting the cash balances amounted to RM10.7 billion.



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**22. Jointly Controlled Entities and Associate Companies**

**i) Associate Company - Thai AirAsia**

Thai AirAsia is an associate company owned 45% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates.

Thai AirAsia recorded revenue of THB5,558.6 million in 3Q14, 1% lower compared to the THB5,595.1 million achieved in 3Q13. Passenger volumes which increased by 12% year-on-year despite , though were offset by a 14% decrease in the year-on-year average fares. Ancillary income per passenger increased by 11% year-on-year, so that average unit passenger revenue declined by 10% year on year. Passengers carried by Thai AirAsia increased as capacity rose 13% year-on-year while the seat load factor decreased by 1ppt to 82%.

Thai AirAsia recorded an operating loss of THB420.0 million in 3Q14, compared to an operating profit of THB377.6 million in 3Q13. Thai AirAsia recorded a net loss of THB382.1 million in 3Q14, compared to a net profit of THB297.3 million in 3Q13.

AirAsia Berhad has equity accounted its share of the net loss amounting to RM17.2 million in 3Q14, as reflected in the AirAsia Berhad income statement.



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Performance indicator for Thailand operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul - Sep 2014	Jul - Sep 2013	Change y-o-y
Passengers Carried	2,854,688	2,557,305	12%
Capacity	3,470,400	3,063,240	13%
Seat Load Factor	82%	83%	-1 ppt
RPK (million)	2,957	2,769	7%
ASK (million)	3,553	3,282	8%
Average Fare (THB)	1,592	1,842	-14%
Ancillary Income Per Pax (THB)	364	354	3%
Unit Passenger Revenue (THB)	1,956	2,196	-11%
Revenue / ASK (THB)	1.56	1.70	-8%
Revenue / ASK (US cents)	4.87	5.31	-8%
Cost / ASK (THB)	1.68	1.59	6%
Cost / ASK (US cents)	5.24	4.95	6%
Cost / ASK-ex Fuel (THB)	0.96	0.87	10%
Cost / ASK-ex Fuel (US cents)	2.98	2.72	10%
Aircraft (end of period)	40	31	29%
Average Stage Length (km)	1,024	1,071	-4%
Number of Flights	19,280	17,018	13%
Fuel Consumed (Barrels)	627,045	583,593	7%
Average Fuel Price (US\$ / Barrel)	128	125	2%

*Exchange Rate: USD:THB – 32.12 - prior year US cents figures are restated at the current period average exchange rate*

**Definition and calculation methodology**

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before operating profit divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



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Performance of current quarter against the same quarter last year for Thailand

<b>Quarter Ended: 30 September</b>	<b>Jul - Sep</b>	<b>Jul - Sep</b>	<b>Change</b>
<b>THB'000</b>	<b>2014</b>	<b>2013</b>	<b>y-o-y</b>
<b>Revenue</b>	<b>5,558,594</b>	<b>5,595,068</b>	<b>-1%</b>
Operating expenses:			
- Staff costs	(663,158)	(579,077)	15%
- Depreciation of property, plant and equipment	(216,435)	(96,765)	124%
- Aircraft fuel expenses	(2,572,067)	(2,346,173)	10%
- Maintenance & overhaul	(447,763)	(459,672)	-3%
- User charges and other related expenses	(861,138)	(667,853)	29%
- Aircraft operating lease expenses	(931,965)	(826,038)	13%
- Other operating expenses	(415,727)	(347,531)	20%
Other income	129,630	105,664	23%
<b>Operating Profit</b>	<b>(420,029)</b>	<b>377,623</b>	<b>-211%</b>
Finance Income	124,476	83,830	48%
Finance Costs	(64,991)	(61,419)	6%
<b>Profit before tax</b>	<b>(360,544)</b>	<b>400,034</b>	<b>-190%</b>
Taxation	(2,433)	(102,721)	-98%
Deferred taxation	(19,159)	-	
<b>Profit after tax</b>	<b>(382,136)</b>	<b>297,313</b>	<b>-229%</b>
EBITDAR	728,371	1,300,426	-44%
EBITDAR Margin	13%	23%	-10 ppt
EBIT Margin	-8%	7%	-15 ppt



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**Balance Sheet**

<b>Quarter Ended: 30 September THB'000</b>	<b>Sep 2014</b>	<b>Dec 2013</b>
Property, Plant & Equipment	15,856,603	10,835,933
Prepaid Expenses	3,320,995	342,969
Inventory	55,866	68,968
Other Debtors & Prepayments	4,355,043	1,759,172
General Investment	51,430	5,791,728
Cash & Short Term Deposits	5,781,881	2,309,100
<b>Total Assets</b>	<b>29,421,819</b>	<b>21,107,870</b>
Sales In Advance	4,651,188	4,299,163
Other Creditors & Accruals	3,417,653	2,457,011
Amounts Owing to Related Party	476,977	506,830
Long Term Liabilities	15,306,747	7,988,518
<b>Total Liabilities</b>	<b>23,852,565</b>	<b>15,251,522</b>
Share Capital	435,556	435,556
Share Premium	2,628,786	2,628,786
Retained Earnings	2,504,912	2,792,006
<b>Total Equity</b>	<b>5,569,254</b>	<b>5,856,348</b>

**ii) Associate Company - Indonesia AirAsia**

Indonesia AirAsia is an associate company owned 49% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates. The Group's interest in Indonesia AirAsia has been reduced to zero and the Group will only recognize its share of profits after its share of profits equals the share of losses not previously recognized.

Indonesia AirAsia recorded revenue of IDR 1,719.8 billion in 3Q14, 7% higher as compared to the IDR 1,614.3 billion achieved in 3Q13. The positive growth in revenue can be attributed to higher average fares which increased by 18% year-on-year, while ancillary income per passenger increased by 22% year-on-year. Passengers carried by Indonesia AirAsia decreased by 10% year-on-year while there was a decrease of 15% in seat capacity. As a result the seat load factor increased by 4 percentage point to 79% as compared to 3Q13.

Indonesia AirAsia recorded an operating profit of IDR76.1 billion in 3Q14, compared to an operating profit of IDR113.6 billion in 3Q13. Indonesia AirAsia recorded a net profit of IDR1.7 billion in 3Q14 as compared to a net profit of IDR2.4 billion in 3Q13.



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The AirAsia Berhad share of the net profit in 3Q14 amounted to RM0.2 million. However, as the Group's interest in Indonesia AirAsia has been reduced to zero any profits will only be recognized when a total of RM325.7 million of unrecognized losses have been reversed.

**Performance indicator for Indonesia operations for current quarter against the same quarter last year**

Quarter Ended: 30 September	Jul - Sep 2014	Jul - Sep 2013	Change y-o-y
Passengers Carried	1,847,385	2,057,580	-10%
Capacity	2,324,340	2,741,040	-15%
Seat Load Factor	79%	75%	4 ppt
RPK (million)	2,159	2,457	-12%
ASK (million)	2,704	3,246	-17%
Average Fare (IDR)	765,005	647,649	18%
Ancillary Income Per Pax (IDR)	166,540	136,914	22%
Unit Passenger Revenue (IDR)	931,545	784,563	19%
Revenue / ASK (IDR)	635.91	497.39	28%
Revenue / ASK (US cents)	5.38	4.20	28%
Cost / ASK (IDR)	607.76	462.40	31%
Cost / ASK (US cents)	5.14	3.91	31%
Cost / ASK-ex Fuel (IDR)	354.83	228.58	55%
Cost / ASK-ex Fuel (US cents)	3.00	1.93	55%
Aircraft (end of period)	30	26	15%
Average Stage Length (km)	1,191	1,195	0%
Number of Flights	12,921	15,228	-15%
Fuel Consumed (Barrels)	462,875	500,024	-7%
Average Fuel Price (US\$ / Barrel)	125	128	-3%

*Exchange Rate: USD:IDR – 12,195 - prior year US cents figures are restated at the current period average exchange rate*

**Definition and calculation methodology**

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before operating profit divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



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Performance of current quarter against the same quarter last year for Indonesia

Quarter Ended: 30 September IDR million	Jul - Sep 2014	Jul - Sep 2013
<b>Revenue</b>	<b>1,719,802</b>	<b>1,614,301</b>
Operating expenses:		
- Staff costs	(176,618)	(141,526)
- Depreciation	(25,179)	(23,674)
- Aircraft fuel expenses	(684,052)	(758,866)
- Aircraft operating lease expense	(296,823)	(227,962)
- Maintenance & overhaul	(162,192)	(153,262)
- User charges and other related expenses	(207,841)	(164,980)
- Provision for early return of aircraft	-	-
- Other operating expenses	(92,840)	(41,654)
Other income	1,866	11,189
<b>Operating (loss)/profit</b>	<b>76,123</b>	<b>113,566</b>
Finance Income	462	1,450
Finance Costs	(74,908)	(112,630)
(Loss)/profit before tax	<b>1,677</b>	<b>2,386</b>
Taxation	-	-
(Loss)/profit after tax	<b>1,677</b>	<b>2,386</b>
EBITDAR	398,125	365,202
EBITDAR Margin	23%	23%
EBIT Margin	4%	7%



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**Balance Sheet**

<b>Quarter Ended: 30 September IDR million</b>	<b>Sep 2014</b>	<b>Dec 2013</b>
Property, Plant & Equipment	1,549,607	1,592,071
Work In Progress	-	-
Deferred Expenditure	9,503	9,503
Inventory	21,279	23,420
Other Debtors & Prepayments	88,163	155,403
Amounts Owing from Related Party	2,857,160	2,553,159
Maintenance Reserves	256,637	193,986
Cash & Short Term Deposits	148,435	25,769
<b>Total Assets</b>	<b>4,930,784</b>	<b>4,553,311</b>
Sales In Advance	320,399	521,996
Other Creditors & Accruals	4,716,364	3,295,862
Amounts Owing to Related Party	854,590	799,084
Borrowings	1,480,530	1,584,555
<b>Total Liabilities</b>	<b>7,371,883</b>	<b>6,201,497</b>
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(2,621,099)	(1,828,186)
<b>Total Equity</b>	<b>(2,441,099)</b>	<b>(1,648,186)</b>

**iii) Associate Company – AirAsia Inc (‘AirAsia Philippines’)**

AirAsia Philippines is an associate company which is incorporated in the Republic of the Philippines and is 40% owned by AirAsia Berhad. AirAsia Philippines recorded a net loss of RM14.0 million (quarter ended 30 September 2013: net loss of RM21.3 million) in the quarter under review out of which RMNil million is equity accounted in the AirAsia Berhad income statement. As the Group’s interest in AirAsia Philippines has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM94.6 million of unrecognized losses have been reversed.

**iv) Associate Company – AirAsia India Private Limited (‘AirAsia India’)**

AirAsia India is an associate company which is incorporated in India and is 49% owned by AirAsia Berhad. AirAsia India recorded a net loss of RM15.7 million (quarter ended 30 September 2013: RM nil) in the quarter under review out of which RMNil million is equity accounted in the AirAsia Berhad income statement.



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**v) Associate Company – AirAsia Japan Co., Ltd (‘AirAsia Japan’)**

AirAsia Japan is an associate company which is incorporated in Japan and is 49% owned by AirAsia Berhad. AirAsia Japan recorded a net loss of RM5.3 million in the quarter under review of which RM Nil million is equity accounted in the financial statements of AirAsia Berhad.

**vi) Jointly Controlled Entity – Asian Aviation Centre of Excellence Sdn Bhd (‘AACOE’)**

AACOE is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. AACOE recorded a net profit of RM57.0 million (quarter ended 30 September 2013: net profit of RM5.5 million) in the quarter of which RM28.5 million (quarter ended 30 September 2013: RM2.8 million) is equity accounted in the AirAsia Berhad income statement.

**vii) Jointly Controlled Entity – AAE Travel Pte Ltd (‘AAE Travel’)**

AAE Travel is a joint venture company which is incorporated in Singapore and is owned in equal shares by AirAsia Berhad and Expedia Inc, a USA incorporated on-line travel agent. AAE Travel recorded a net profit of RM30.4 million (quarter ended 30 September 2013: RM14.3 million) in the quarter of which RM15.2 million (quarter ended 30 September 2013: net profit of RM7.1 million) is equity accounted in the AirAsia Berhad income statement.

**viii) Jointly Controlled Entity – Think Big Digital Sdn Bhd (‘BIG’)**

BIG is a joint venture company which is incorporated in Malaysia and is 47.8% owned by AirAsia Berhad. BIG recorded a net loss of RM5.3 million (quarter ended 30 September 2013: net loss of RM1.7 million) in the quarter under review. As the Group’s interest in BIG has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM39.9 million of unrecognized losses have been reversed.



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### **23. Variation of results against preceding quarter**

The Group achieved a profit after taxation of RM5.4million for the quarter under review. This is RM361.8 million lower compared to the RM367.2 million profit after taxation achieved in the immediately preceding quarter ended 30 June 2014.

### **24. Commentary on prospects**

The Group will take delivery of nil A320 aircraft in the fourth quarter of the year. During the same period three older aircraft are planned to be disposed and one aircraft leased to a third party was returned and will commence services.

In Malaysia, forward loads for the remaining months of the fourth quarter of 2014 currently remains in line with the prior year. In the full quarter, MAA will see a recovery in base fares with the previous years, reflecting better price discipline in the market

In Thailand forward loads for the remaining months of the fourth quarter of 2014 are lower than the prior year with average fares also higher than the prior year, a reflection of the current political unrest in the country. TAA will continue to focus on domestic, southern China and Indo-China routes in the remaining quarter of 2014.

Indonesia AirAsia expects a recovery in the fourth quarter as seen in the forward loads which are higher than in the prior year for the remaining months of the fourth quarter. IAA will continue to focus on trunk domestic routes and profitable international routes out of other secondary hubs other than Jakarta.

In the Philippines, forward loads for the remaining months of the fourth quarter 2014 remains on track to increase in line with its turnaround plan being put in place. PAA will expect fares and passengers to increase as seasonally fourth quarter is the strongest of all the quarters.

In India, they will likely add another two aircraft in December bringing it to a total of four aircraft. Despite being only a few months into operations, the forward loads remain buoyant and it will remain focused on building a footprint in the Indian domestic market with the introduction of new routes and frequency increases.

The outlook for the fourth quarter of 2014 should be seen in the context of the current prices of oil and aviation fuel while the operating environment in both Indonesia and the Philippines remains challenging. However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the fourth quarter of 2014 and the remainder of the year.



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**25. Profit forecast**

No profit forecast has been issued.

**26. Finance income/(costs)**

All figures in RM'000	Group and Company			
	Quarter Ended 30/9/14	Quarter Ended 30/9/13	Year to Date 30/9/14	Year to Date 30/9/13
<b>Finance income</b>				
Interest on amounts due from associates and JV entities	24,403	13,405	60,575	37,907
Interest on deposits	5,632	288	11,636	5,167
Gain from interest rate contracts	7,389	-	11,078	37,899
Other interest income	451	2,701	2,592	7,397
	37,875	16,394	85,881	88,370
<b>Finance costs</b>				
Bank borrowings	(132,779)	(103,862)	(373,755)	(314,812)
Amortisation of premiums for interest rate caps	(2,023)	(2,041)	(6,106)	(6,007)
Loss from interest rate contracts	-	(3,279)	-	(3,279)
Bank facilities and other charges	(590)	(440)	(1,621)	(1,230)
	(135,392)	(109,622)	(381,482)	(325,328)
<b>Net cost</b>	(97,517)	(93,228)	(295,601)	(236,958)
<b>Foreign exchange gains/(losses)</b>				
Borrowings				
- realized	739	(1,191)	(2,334)	(2,397)
- unrealized	(209,271)	(269,952)	(33,261)	(526,263)
- foreign currency contracts	3,336	30,718	(9,683)	31,238
- fair value movement recycled from cash flow hedge reserve	52,540	85,258	97,481	182,369
	(152,656)	(155,167)	52,203	(315,053)



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### 27. Income tax expense

#### *Current taxation*

The current taxation charge of RM10.6 million comprises tax payable on interest income.

#### *Deferred taxation*

RM10.4 million of deferred tax liabilities arose in the current financial period as a result of the net of the movement in deferred tax liabilities and deferred tax assets recognized. Deferred tax liabilities arise from the difference between the net book value and tax written down value of property, plant and equipment while deferred tax assets arise from capital allowances granted in the period but which remained unused at the balance sheet date, in combination with the Investment Allowances granted on aircraft delivery.

### 28. Unquoted investments and properties

There was no purchase or disposal of unquoted investments or properties for the quarter under review and financial period to date.

### 29. Quoted investments and properties

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

### 30. Status of corporate proposals announced

#### *AirAsia Japan Co. Ltd.*

Further to the announcement dated 20 August 2014, there have not been any further changes in the status of the AirAsia Japan joint venture on the forging of a joint venture cooperation between AirAsia and Octave Japan Infrastructure Fund I GK (“Octave”), Rakuten, Inc. (“Rakuten”), Noevir Holdings Co. Ltd. (“Noevir”) and Alpen Co. Ltd. (“Alpen”) (collectively the “Investors”), to establish a low cost airline in Japan based on the successful AirAsia business model.

#### *Sukuk Mudharabah Programme*

Further to the announcement dated 30 October 2014, there are no further changes in the status of the proposed issue, offer or invitation to subscribe or purchase of unrated subordinated perpetual sukuk pursuant to the Sukuk Mudharabah Programme of up to RM1,000.0 million in nominal value.



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**31. Borrowings and debt securities**

	<b>At 30/9/2014 RM'000</b>	<b>At 30/6/2014 RM'000</b>
<b>Current</b>	1,777,749	1,629,212
<b>Non-current</b>	10,013,715	9,858,634
<b>Total Debt</b>	<b>11,791,464</b>	<b>11,487,846</b>

The above term loans, finance lease liabilities (Ijarah) and Commodity Murabahah Finance are for the purchase of aircraft, spare engines and working capital.

The maturity period of non-current borrowing is 14 years and below. Borrowings are denominated in US Dollar (predominantly), RM and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 32 (i).

The repayment terms of term loans and finance lease liabilities are on a quarterly or semi-annually basis. These are secured by the following:

- (a) Assignment of rights under contract with Airbus over each aircraft;
- (b) Assignment of insurance of each aircraft; and
- (c) Assignment of airframe and engine warranties of each aircraft.

The Commodity Murabahah Finance is secured by a second priority charge over the aircraft.



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**32. Derivative Financial Instruments:**

The fair value of derivative financial instruments is determined in accordance with FRS139 “Financial Instruments: Recognition and Measurement”

(i) Forward Foreign Exchange Contracts

As at 30 September 2014, AirAsia Berhad has hedged approximately 46% of the dollar liabilities of its aircraft and engine loans into Malaysian Ringgit (“MYR”) by using long dated foreign exchange forward contracts. The latest weighted average of USD/MYR forward exchange rate is 3.2251.

(ii) Interest Rate Hedging

As at 30 September 2014, the Group has entered interest rate hedging transactions to hedge against fluctuations in the US\$ Libor on its existing aircraft financing for aircraft delivering from 2005 to 2014.

(iii) Fuel Hedging

As at 30 September 2014, the Group has entered into Singapore Jet Kerosene fixed swaps which represents up to 43% of the Group’s total budgeted fuel consumption for the 4th quarter of 2014.

The Group has also entered into Singapore Jet Kerosene fixed swap which represents up to 21% and 10% of the Group’s budgeted fuel consumption for the 1st quarter and 2nd quarter of 2015 respectively.



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**32. Derivative financial instruments (continued)**

Type of derivatives	Notional Value as at 30/9/2014	Fair Value as at 30/9/2014 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	2.74	(29.05)
- 1 year to 3 years	-	-
<b>Total</b>	<b>2.74</b>	<b>(29.05)</b>
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	9.42	(0.52)
- more than 3 years	3,550.38	(240.47)
<b>Total</b>	<b>3,559.80</b>	<b>(240.99)</b>
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	4.25	0.02
- 1 year to 3 years	53.57	2.26
- more than 3 years	2972.24	167.18
<b>Total</b>	<b>3,030.06</b>	<b>169.46</b>

The related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.



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**33. Fair value estimation**

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, Unobservable inputs) (Level 3).

The following tables presents the Group and Company's assets and liabilities that are measured at fair value at 30 September 2014 and 31 December 2013:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 September 2014</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	23,031	-	23,031
Derivatives used for hedging	-	136,326	-	136,326
Available-for-sale financial assets				-
- Equity securities	489,540	-	10,125	499,665
<b>Total Assets</b>	<b>489,540</b>	<b>159,357</b>	<b>10,125</b>	<b>659,022</b>
<b>Liabilities</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	72,318	-	72,318
Derivatives used for hedging	-	188,885	-	188,885
<b>Total Liabilities</b>	<b>-</b>	<b>261,203</b>	<b>-</b>	<b>261,203</b>
<b>31 December 2013</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	37,374	-	37,374
Derivatives used for hedging	-	201,464	-	201,464
Available-for-sale financial assets				-
- Equity securities	561,770	-	10,125	571,895
<b>Total Assets</b>	<b>561,770</b>	<b>238,838</b>	<b>10,125</b>	<b>810,733</b>
<b>Liabilities</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	85,823	-	85,823
Derivatives used for hedging	-	195,490	-	195,490
<b>Total Liabilities</b>	<b>-</b>	<b>281,313</b>	<b>-</b>	<b>281,313</b>



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**33. Fair value estimation (continued)**

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determines fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans, credit derivatives, certain issued notes and the Group's over the counter ("OTC") derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques. This category includes private equity investments, certain OTC derivatives (requiring complex and unobservable inputs such as correlations and long dated volatilities) and certain bonds.



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**34. Material litigation**

As at 19 November 2014, there was no material litigation against the Group.

**35. Proposed dividend**

The Directors do not recommend any dividend for the quarter ended 30 September 2014.

**36. Earnings per share**

*(a) Basic earnings per share*

Basic earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/9/14	Preceding Year Quarter Ended 30/9/13	Current Year to Date 30/9/14	Preceding Year to Date 30/9/13
Net profit for the financial period (RM'000)	5,397	35,482	512,271	198,263
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,780,542	2,780,542	2,780,542	2,780,542
Adjusted for share options granted ('000)	565	2,061	565	2,061
Adjusted weighted average number of ordinary shares ('000)	2,781,107	2,782,603	2,781,107	2,782,603
Basic earnings per share (sen)	0.2	1.3	18.4	7.1
Diluted earnings per share (sen)	0.2	1.3	18.4	7.1



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*(b) Diluted earnings per share*

Diluted earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period, adjusted for share options granted.

**37. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)  
COMPANY SECRETARY  
19 November 2014