



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

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
FOURTH QUARTER REPORT ENDED 31 DECEMBER 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 fourth quarter ended 31 December 2014.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Revenue	10	1,478,193	1,276,639	5,415,744	5,111,822
Operating expenses:					
- Staff costs		(198,815)	(165,983)	(667,277)	(610,905)
- Depreciation of property, plant and equipment		(184,829)	(123,234)	(719,497)	(597,256)
- Aircraft fuel expenses		(620,859)	(647,914)	(2,254,237)	(2,212,199)
- Maintenance and overhaul expenses		(42,380)	(19,234)	(158,029)	(138,622)
- User charges and other related expenses		(142,096)	(117,384)	(545,279)	(490,009)
- Aircraft operating lease expenses		(47,546)	(49,852)	(198,280)	(189,354)
- Other operating expenses		(72,895)	(71,861)	(233,760)	(191,831)
Other income	11	44,189	99,478	176,041	181,279
Share of results of jointly controlled entities	22	2,643	7,234	57,266	13,599
Share of results of associates	22	10,690	14,988	(19,101)	82,695
Share of results of discontinued associates		-	-	-	(41,032)
<b>Operating Profit</b>		<b>226,295</b>	<b>202,877</b>	<b>853,591</b>	<b>918,187</b>
Finance Income	26	37,376	23,950	121,869	112,320
Finance Costs	26	(153,872)	(106,357)	(533,967)	(428,406)
<b>Net operating profit</b>		<b>109,799</b>	<b>120,470</b>	<b>441,493</b>	<b>602,101</b>
Foreign exchange losses	26	(647,560)	(34,887)	(595,357)	(353,219)
Foreign exchange gain on amounts due from associates and jointly-controlled entities		145,775	11,087	176,565	34,088
Gain on disposal of interest in Japan AirAsia		-	-	-	78,265
<b>(Loss)/profit before tax</b>		<b>(391,986)</b>	<b>96,670</b>	<b>22,701</b>	<b>361,235</b>
Current Taxation	27	(8,646)	(5,222)	(25,655)	(18,910)
Deferred taxation	27	(27,877)	77,053	85,790	19,799
<b>(Loss)/profit after tax</b>		<b>(428,509)</b>	<b>168,501</b>	<b>82,836</b>	<b>362,124</b>
Attributable to:					
-Equity holders of the company		(428,509)	168,501	82,836	362,124
-Minority interests		-	-	-	-
		<b>(428,509)</b>	<b>168,501</b>	<b>82,836</b>	<b>362,124</b>
Basic earnings per share (sen)		(15.4)	6.1	3.0	13.0
Diluted earnings per share (sen)		(15.4)	6.1	3.0	13.0

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
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
<b>(Loss)/profit for the period</b>	(428,509)	168,501	82,836	362,124
Other comprehensive (loss)/income				
Available-for-sale financial assets	(104,750)	(48,456)	(174,473)	265,788
Cash flow hedges	(94,692)	59,845	(252,939)	178,213
Foreign currency translation differences	9,891	404	9,891	404
<b>Total comprehensive (loss)/income for the period</b>	(618,060)	180,294	(334,685)	806,529
Total comprehensive (loss)/income attributable to:				
Equity holders of the company	(618,060)	180,294	(334,685)	806,529
Minority Interest	-	-	-	-



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	PERIOD ENDED	YEAR ENDED
	31/12/2014 RM'000	31/12/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	22,701	361,235
Adjustments:		
Property, plant and equipment		
- Depreciation	719,497	597,256
- Loss/(gain) on disposal	4,690	(3,036)
- Gain on fair value of interest in AirAsia Japan	-	(78,265)
Fair value gains on derivative financial instruments	(244,585)	(287,266)
Share of results of jointly-controlled entities	(57,266)	(13,599)
Share of results of associates	19,101	(41,663)
Impairment on available-for-sale financial asset	10,125	2,685
Net unrealised foreign exchange (gain)/loss	650,066	517,669
Impairment of receivables	24,853	18,864
Interest expense	533,967	428,406
Dividend income	(4,697)	-
Interest income	(121,869)	(64,208)
	1,556,583	1,438,078
<b>Changes in working capital</b>		
Inventories	11,368	(5,795)
Receivables and prepayments	(52,759)	(197,217)
Trade and other payables	(51,953)	464,811
Intercompany balances	(824,011)	(369,431)
<b>Cash generated from operations</b>	639,228	1,330,446
Interest paid	(491,406)	(411,117)
Interest received	63,166	64,208
Tax paid	(15,234)	(22,399)
<b>Net cash from operating activities</b>	<b>195,754</b>	<b>961,138</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(2,086,594)	(2,117,455)
- Proceeds from disposal	119,359	16,437
Investment in an associate	(19,579)	(55,975)
Loan granted to associates	(250,032)	(145,514)
Proceeds from disposal of available-for-sale financial asset	44,584	-
Dividend received	4,697	-
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	-	-
<b>Net cash used in investing activities</b>	<b>(2,045,492)</b>	<b>(2,346,076)</b>
<b>CASH FLOWS FROM FINANCING FACILITIES</b>		
Proceeds from allotment of shares	2,064	1,248
Proceeds from borrowings	2,900,570	2,424,972
Dividend paid	(111,292)	(667,214)
Repayment of borrowings	(1,014,626)	(1,250,227)
Deposits pledged as securities	(1,233)	(928)
<b>Net cash from / (used in) financing activities</b>	<b>1,775,483</b>	<b>507,851</b>
<b>NET INCREASE FOR THE FINANCIAL PERIOD/YEAR</b>	<b>(74,255)</b>	<b>(877,087)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>1,366,019</b>	<b>2,219,243</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>30,436</b>	<b>23,863</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	<b>1,322,200</b>	<b>1,366,019</b>

\* Included within the balance at end of financial period is an amount RM817.8 million (31/12/13: RM171.5 million) of restricted cash.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT	AS AT
		31/12/2014 RM'000	31/12/2013 RM'000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	14	12,535,874	11,292,826
Investment in associates	22	230,261	260,483
Investment in a jointly controlled entity	22	191,620	134,354
AFS Financial Assets		384,790	571,895
Goodwill		7,334	7,334
Deferred tax assets		466,968	381,195
Receivables and prepayments		1,132,504	847,573
Deposit on aircraft purchase		500,321	642,394
Amounts due from an associate		2,301,521	559,190
Derivative Financial Instruments	32	382,945	235,665
		<b>18,134,138</b>	<b>14,932,909</b>
<b>CURRENT ASSETS</b>			
Inventories		18,152	29,520
Receivables and prepayments		523,904	731,506
Amounts due from a jointly controlled entity		50,527	33,703
Amount due from associates		93,211	738,735
Amount due from a related party		-	6,113
Deposits, bank and cash balances		1,337,849	1,380,435
Derivative Financial Instruments	32	285,039	3,173
		<b>2,308,682</b>	<b>2,923,185</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		601,230	744,998
Sales in advance		502,810	661,590
Derivative Financial Instruments	32	472,204	29,545
Amount due to associate		-	467
Amount due to a related party		24,653	15,145
Borrowings	31	2,274,928	1,119,436
Current tax liabilities		9,380	1,074
		<b>3,885,205</b>	<b>2,572,255</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(1,576,523)</b>	<b>350,930</b>
<b>NON CURRENT LIABILITIES</b>			
Other payables and accruals		1,214,060	918,864
Amount due to an associate		85,293	60,859
Deferred tax liabilities		58	
Borrowings	31	10,453,090	9,051,416
Derivative Financial Instruments	32	248,095	251,768
		<b>12,000,596</b>	<b>10,282,907</b>
		<b>4,557,019</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		10,746	855
Retained earnings		2,898,035	2,926,491
Other Reserves		139,000	566,412
Shareholders' funds		<b>4,557,019</b>	<b>5,000,932</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<b>1.64</b>	<b>1.80</b>

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	-	-	-	-	-	-	82,836	82,836	-	82,836
Other comprehensive income	-	-	-	9,891	(252,939)	(174,473)	-	(417,521)	-	(417,521)
Dividends	-	-	-	-	-	-	(111,292)	(111,292)	-	(111,292)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,910	191	1,873	-	-	-	-	2,064	-	2,064
At 31 December 2014	2,782,974	278,297	1,230,941	10,746	(172,874)	311,874	2,898,035	4,557,019	-	4,557,019
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 – 31 DECEMBER 2014**

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

Quarter Ended: 31 December	Oct - Dec 2014	Oct - Dec 2013	Change y-o-y
Passengers Carried	5,903,457	5,912,541	0%
Capacity	7,531,380	6,952,680	8%
Seat Load Factor	78%	85%	-7 ppt
RPK (million)	7,287	7,261	0%
ASK (million)	9,269	8,577	8%
Average Fare (RM)	171	151	13%
Ancillary Income Per Pax (RM)	47	36	31%
Unit Passenger Revenue (RM)	218	187	17%
Revenue / ASK (sen)	15.95	14.88	7%
Revenue / ASK (US cents)	4.71	4.39	7%
Cost / ASK (sen)	13.51	12.52	8%
Cost / ASK (US cents)	3.98	3.69	8%
Cost / ASK-ex Fuel (sen)	6.81	5.75	18%
Cost / ASK-ex Fuel (US cents)	2.01	1.70	18%
Aircraft (end of period)	81	72	13%
Average Stage Length (km)	1,231	1,169	5%
Number of Flights	41,841	38,626	8%
Fuel Consumed (Barrels)	1,529,360	1,354,239	13%
Average Fuel Price (US\$ / Barrel)	120	125	-4%

*Exchange Rate: RM:USD – 3.3894 - 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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**KEY OPERATING STATISTICS – 31 DECEMBER 2014**

Performance indicator for Malaysian operations for current financial year against the previous financial year

Period Ended: 31 December	Jan - Dec 2014	Jan - Dec 2013	Change y-o-y
Passengers Carried	22,138,796	21,853,036	1%
Capacity	28,073,160	27,307,980	3%
Seat Load Factor	79%	80%	-1 ppt
RPK (million)	27,273	26,607	3%
ASK (million)	34,590	33,401	4%
Average Fare (RM)	165	164	1%
Ancillary Income Per Pax (RM)	46	40	15%
Unit Passenger Revenue (RM)	211	204	3%
Revenue / ASK (sen)	15.66	15.30	2%
Revenue / ASK (US cents)	4.77	4.66	2%
Cost / ASK (sen)	13.19	12.56	5%
Cost / ASK (US cents)	4.02	3.83	5%
Cost / ASK-ex Fuel (sen)	6.67	5.93	12%
Cost / ASK-ex Fuel (US cents)	2.03	1.81	12%
Aircraft (end of period)	81	72	13%
Average Stage Length (km)	1,217	1,144	6%
Number of Flights	155,962	151,709	3%
Fuel Consumed (Barrels)	5,629,921	5,164,437	9%
Average Fuel Price (US\$ / Barrel)	122	131	-7%

*Exchange Rate: RM:USD – 3.2813 - prior year US cents figures are restated at current exchange rate*



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## NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 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 2014 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 31 December 2013.

### **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 78% in the quarter under review, which was 7% percentage points lower than the same period last year. In the immediate preceding quarter (third quarter July - September 2014), the seat load factor was 1 percentage point lower than 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.



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

**7. Capital and reserves**

During quarter ended 31 December 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 31 December 2014.

**8. Dividend paid**

No dividends were declared or approved in the quarter ended 31 December 2014.

**9. Segment reporting**

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

**10. Revenue**

	<b>Quarter ended 31/12/2014 RM million</b>	<b>Quarter ended 31/12/2013 RM million</b>
Passenger seat sales	821.0	735.1
Baggage fees	123.0	112.4
Aircraft operating lease rentals	205.3	185.2
Surcharges and fees	192.2	158.8
Other revenue	136.7	85.1
	<u>1,478.2</u>	<u>1,276.6</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 31/12/2014 RM million</b>	<b>Quarter ended 31/12/2013 RM million</b>
Gain/(loss) on disposal of property, plant and equipment	1.8	9.2
Others	42.4	90.3
	<u>44.2</u>	<u>99.5</u>

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



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**NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2014**

**12. Other Comprehensive Income**

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 31 December 2014 as compared to 30 September 2014 as follows:

	<b>Quarter ended 31/12/2014 RM million</b>	<b>Quarter ended 30/9/2014 RM million</b>
Fair value gain/(loss) in the period	(104.8)	30.8
Amount transferred to income statement	(94.7)	(58.0)
	<u>(199.5)</u>	<u>(27.2)</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 – 31 DECEMBER 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.

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	2,895,571	2,358,327
Unrealised	(91,609)	512,256
	<u>2,803,962</u>	<u>2,870,583</u>
Total share of accumulated gains/(losses) from associates		
Realised	14,127	33,228
Total share of accumulated gains/(losses) from jointly controlled entities		
Realised	79,946	22,680
Total group retained profit as per consolidated accounts	<u>2,898,035</u>	<u>2,926,491</u>

### 14. Property, plant and equipment

#### *(a) acquisition and disposals*

During the quarter ended 31 December 2014, the Group acquired property, plant and equipment with a cost of RM138.2 million (quarter ended 31 December 2013: RM1,197.9 million).

During the quarter ended 31 December 2014, proceeds from disposal of property, plant and equipment totaled RM32.0 million (quarter ended 31 December 2013: RM0.3 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 31 December 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>31/12/2014</u>	<u>31/12/2013</u>
	RM'000	RM'000
Approved and contracted for	50,562,107	55,515,081
Approved but not contracted for	15,734,250	12,988,262
	-----	-----
	66,296,357	68,503,343
	=====	=====



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**NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 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 Bhd.	Company with common directors and shareholders

These following items have been included in the Income Statement

	<b>Quarter ended 31/12/2014 RM'000</b>	<b>Quarter ended 31/12/2013 RM'000</b>
<b>Thai AirAsia</b>		
Lease rental income on aircraft	93,437	89,024
<b>Indonesia AirAsia</b>		
Lease rental income on aircraft	82,327	77,589
<b>Philippines AirAsia</b>		
Lease rental income on aircraft	21,987	12,896
<b>India AirAsia</b>		
Lease rental income on aircraft	6,882	-
<b>Japan AirAsia</b>		
Lease rental income on aircraft	-	5,746
<b>AirAsia X Berhad</b>		
Services charged to AirAsia X Berhad	2,068	1,964
<b>Asian Aviation Centre of Excellence Sdn Bhd</b>		
Training costs charged to AirAsia Berhad	(3,243)	(5,435)



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**21. Review of performance**

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

Quarter Ended: 31 December RM'000	Oct - Dec 2014	Oct - Dec 2013
<b>Revenue</b>	<b>1,478,193</b>	<b>1,276,639</b>
Operating expenses:		
- Staff costs	(198,815)	(165,983)
- Depreciation of property, plant and equipment	(184,829)	(123,234)
- Aircraft fuel expenses	(620,859)	(647,914)
- Maintenance and overhaul expenses	(42,380)	(19,234)
- User charges and other related expenses	(142,096)	(117,384)
- Aircraft operating lease expenses	(47,546)	(49,852)
- Other operating expenses	(72,895)	(71,861)
Other income	44,189	99,478
Share of results of jointly controlled entities	2,643	7,234
Share of results of associates	10,690	14,988
Share of results of discontinued associates	-	-
<b>Operating Profit</b>	<b>226,295</b>	<b>202,877</b>
Finance Income	37,376	23,950
Finance Costs	(153,872)	(106,357)
<b>Net operating profit</b>	<b>109,799</b>	<b>120,470</b>
Foreign exchange losses	(647,560)	(34,887)
Foreign exchange gain on amounts due from associates and jointly-controlled entities	145,775	11,087
Gain on disposal of interest in Japan AirAsia	-	-
<b>(Loss)/profit before tax</b>	<b>(391,986)</b>	<b>96,670</b>
Current Taxation	(8,646)	(5,222)
Deferred taxation	(27,877)	77,053
<b>(Loss)/profit after tax</b>	<b>(428,509)</b>	<b>168,501</b>
EBITDAR	<b>458,670</b>	<b>375,963</b>
EBITDAR Margin	31%	29%
EBIT Margin	15%	16%



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The Group recorded revenue of RM1,478.2 million for the quarter ended 31 December 2014 (“4Q14”), 16% higher than the revenue of RM1,276.6 million recorded in the quarter ended 31 December 2013 (“4Q13”). The revenue growth was supported by consistent passenger numbers and a 17% increase in unit passenger revenues to RM218 as compared to RM187 achieved in 4Q13. Ancillary income per passenger increased by 31% to RM47 year-on-year. The seat load factor was at 78%, 7 percentage points below the same quarter of 2013.

The loss before tax for the period was RM391.9 million compared to a profit before tax of RM96.7 million in the same quarter of 2013 while the loss after tax for the period was RM428.5 million compared to a profit after tax of RM168.5 million in the same quarter of 2013.



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Performance of current financial year against the previous financial year for Malaysia

Period Ended: 31 December RM'000	Jan - Dec 2014	Jan - Dec 2013
<b>Revenue</b>	<b>5,415,744</b>	<b>5,111,822</b>
Operating expenses:		
- Staff costs	(667,277)	(610,905)
- Depreciation of property, plant and equipment	(719,497)	(597,256)
- Aircraft fuel expenses	(2,254,237)	(2,212,199)
- Maintenance and overhaul expenses	(158,029)	(138,622)
- User charges and other related expenses	(545,279)	(490,009)
- Aircraft operating lease expenses	(198,280)	(189,354)
- Other operating expenses	(233,760)	(191,831)
Other income	176,041	181,279
Share of results of jointly controlled entities	57,266	13,599
Share of results of associates	(19,101)	82,695
Share of results of discontinued associates	-	(41,032)
<b>Operating Profit</b>	<b>853,591</b>	<b>918,187</b>
Finance Income	121,869	112,320
Finance Costs	(533,967)	(428,406)
<b>Net operating profit</b>	<b>441,493</b>	<b>602,101</b>
Foreign exchange losses	(595,357)	(353,219)
Foreign exchange gain on amounts due from associates and jointly-controlled entities	176,565	34,088
Gain on disposal of interest in Japan AirAsia	-	78,265
<b>(Loss)/profit before tax</b>	<b>22,701</b>	<b>361,235</b>
Current Taxation	(25,655)	(18,910)
Deferred taxation	85,790	19,799
<b>Profit after tax</b>	<b>82,836</b>	<b>362,124</b>
<b>EBITDAR</b>	<b>1,771,368</b>	<b>1,704,797</b>
EBITDAR Margin	33%	33%
EBIT Margin	16%	18%



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The Group recorded revenue of RM5,415.7 million for the financial year ended 31 December 2014 (“FY14”), 6% higher than the revenue of RM5,111.8 million recorded in the financial year ended 31 December 2013 (“FY13”). The revenue growth was supported by a 1% increase in passenger numbers and a 3% increase in unit passenger revenues to RM211 as compared to RM204 achieved in FY13. Ancillary income per passenger increased by 15% to RM46 year-on-year. The seat load factor was at 79%, one percentage point below the same period quarter of 2013.

The profit before tax for the year was RM22.7 million compared to a profit before tax of RM361.2 million in FY13 while the profit after tax for the period was RM82.8 million compared to RM362.1 million in FY13.

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

Net Cash Flow (RM'000)	Oct-Dec 2014	July – Sept 2014
Cash from Operations	84,295	151,819
Cash from Investing Activities	(752,679)	(202,969)
Cash from Financing Activities	222,667	14,280
<b>Net Cash Flow</b>	<b>(445,717)</b>	<b>(36,870)</b>

The Group’s cash generated from operations was RM84.3 million, compared to RM151.8 million generated from operations in the immediate preceding quarter ended 30 September 2014. Net cash flow in the quarter amounted to a RM445.7 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	December 2014	September 2014
Total Debt	12,728	11,791
Cash	1,338	1,084
<b>Net Debt</b>	<b>11,390</b>	<b>10,707</b>
Net Gearing	2.50	2.07

The Group’s total debt as of end of December 2014 was RM12.7 billion. The Group’s net debt after offsetting the cash balances amounted to RM11.4 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 THB7,876.1 million in 4Q14, 21% higher compared to the THB6,501.2 million achieved in 4Q13. Passenger volumes increased by 16% year-on-year in combination with a 6% increase in the year-on-year average fares. Ancillary income per passenger decreased by 3% year-on-year resulting in the average unit passenger revenue increasing by 4% year on year. Passengers carried by Thai AirAsia increased as capacity rose 19% year-on-year while the seat load factor decreased by 2ppt to 79%.

Thai AirAsia recorded an operating profit of THB855.5 million in 4Q14, compared to an operating profit of THB444.0 million in 4Q13. Thai AirAsia recorded a net profit of THB799.7 million in 4Q14, compared to a net profit of THB425.4 million in 4Q13.

In the full year 2014, Thai AirAsia recorded revenue of THB25,355.5 million, 8% higher compared to the THB23,485.0 million achieved in FY13. The positive growth in revenue is attributed to higher passenger volumes which increased by 16% year-on-year despite a 7% decrease in the year-on-year unit passenger revenue. Ancillary income per passenger remained the same year-on-year. Passengers carried by Thai AirAsia increased as capacity rose 21% year-on-year while the seat load factor decreased 3ppt to 80%.

Thai AirAsia achieved an operating profit of THB300.7 million in FY14, compared to an operating profit of THB2,270.9 million in FY13. Thai AirAsia achieved a net profit of THB344.6 million in FY14, compared to a net profit of THB1,960.4 million in FY13.

AirAsia Berhad has equity accounted RM34.8 million in 4Q14, as reflected in the AirAsia Berhad income statement. In the full year 2014, AirAsia Berhad has equity accounted RM15.4 million in the income statement.



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

Quarter Ended: 31 December	Oct - Dec 2014	Oct - Dec 2013	Change y-o-y
Passengers Carried	3,435,000	2,956,243	16%
Capacity	4,344,840	3,657,420	19%
Seat Load Factor	79%	81%	-2 ppt
RPK (million)	3,550	2,895	23%
ASK (million)	4,378	3,593	22%
Average Fare (THB)	1,941	1,835	6%
Ancillary Income Per Pax (THB)	360	370	-3%
Unit Passenger Revenue (THB)	2,301	2,205	4%
Revenue / ASK (THB)	1.80	1.81	-1%
Revenue / ASK (US cents)	5.49	5.52	-1%
Cost / ASK (THB)	1.60	1.69	-5%
Cost / ASK (US cents)	4.90	5.15	-5%
Cost / ASK-ex Fuel (THB)	0.88	0.93	-6%
Cost / ASK-ex Fuel (US cents)	2.68	2.85	-6%
Aircraft (end of period)	40	35	14%
Average Stage Length (km)	1,008	982	3%
Number of Flights	24,138	20,319	19%
Fuel Consumed (Barrels)	767,651	646,748	19%
Average Fuel Price (US\$ / Barrel)	126	127	-1%

*Exchange Rate: USD:THB – 32.76 - prior year US cents figures are restated at the current period average exchange rate*



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Performance indicator for Thailand operations for current financial year against the previous financial year

Period Ended: 31 December	Jan - Dec 2014	Jan - Dec 2013	Change y-o-y
Passengers Carried	12,213,697	10,500,381	16%
Capacity	15,313,320	12,626,820	21%
Seat Load Factor	80%	83%	-3 ppt
RPK (million)	12,420	10,829	15%
ASK (million)	15,419	12,951	19%
Average Fare (THB)	1,726	1,885	-8%
Ancillary Income Per Pax (THB)	359	358	0%
Unit Passenger Revenue (THB)	2,085	2,243	-7%
Revenue / ASK (THB)	1.64	1.81	-9%
Revenue / ASK (US cents)	5.06	5.58	-9%
Cost / ASK (THB)	1.62	1.64	-1%
Cost / ASK (US cents)	5.00	5.04	-1%
Cost / ASK-ex Fuel (THB)	0.89	0.91	-2%
Cost / ASK-ex Fuel (US cents)	2.75	2.81	-2%
Aircraft (end of period)	40	35	14%
Average Stage Length (km)	1,007	1,026	-2%
Number of Flights	85,074	70,149	21%
Fuel Consumed (Barrels)	2,719,320	2,337,909	16%
Average Fuel Price (US\$ / Barrel)	127	123	3%

*Exchange Rate: USD:THB – 32.52 - prior year US cents figures are restated at the current period average exchange rate*



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

Quarter Ended: 31 December THB'000	Oct - Dec 2014	Oct - Dec 2013
<b>Revenue</b>	<b>7,876,112</b>	<b>6,501,228</b>
Operating expenses:		
- Staff costs	(877,887)	(674,095)
- Depreciation of property, plant and equipment	(241,635)	(133,832)
- Aircraft fuel expenses	(3,171,225)	(2,700,492)
- Maintenance & overhaul	(461,649)	(615,337)
- User charges and other related expenses	(1,030,605)	(692,424)
- Aircraft operating lease expenses	(944,051)	(889,141)
- Other operating expenses	(436,083)	(471,038)
Other income	142,525	119,141
<b>Operating Profit</b>	<b>855,502</b>	<b>444,010</b>
Finance Income	55,780	127,562
Finance Costs	(79,146)	67,283
<b>Profit before tax</b>	<b>832,136</b>	<b>638,855</b>
Taxation	(9,510)	(213,414)
Deferred taxation	(22,906)	-
<b>Profit after tax</b>	<b>799,720</b>	<b>425,441</b>
EBITDAR	2,041,188	1,466,983
EBITDAR Margin	26%	23%
EBIT Margin	11%	7%



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**Performance of current financial year against the previous financial year for Thailand**

Period Ended: 31 December THB'000	Jan - Dec 2014	Jan - Dec 2013
<b>Revenue</b>	<b>25,355,515</b>	<b>23,485,043</b>
Operating expenses:		
- Staff costs	(2,807,225)	(2,479,060)
- Depreciation of property, plant and equipment	(804,197)	(374,267)
- Aircraft fuel expenses	(11,272,296)	(9,386,304)
- Maintenance, overhaul, user charges and User charges and other related expenses	(1,861,853)	(1,953,501)
- Aircraft operating lease expenses	(3,536,692)	(2,721,895)
- Other operating expenses	(3,750,884)	(3,278,935)
- Other operating expenses	(1,533,872)	(1,406,125)
Other income	512,218	385,970
<b>Operating Profit</b>	<b>300,714</b>	<b>2,270,926</b>
Finance Income	294,327	221,194
Finance Costs	(218,223)	134,255
<b>Profit before tax</b>	<b>376,818</b>	<b>2,626,375</b>
Taxation	9,877	(665,963)
Deferred taxation	(42,065)	-
<b>Profit after tax</b>	<b>344,630</b>	<b>1,960,412</b>
EBITDAR	4,855,795	5,924,128
EBITDAR Margin	19%	25%
EBIT Margin	1%	10%



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**Balance Sheet**

<b>Quarter Ended: 31 December THB'000</b>	<b>Dec 2014</b>	<b>Dec 2013</b>
Property, Plant & Equipment	15,943,846	10,835,933
Prepaid Expenses	270,021	342,969
Inventory	75,603	68,968
Other Debtors & Prepayments	1,656,118	1,759,172
General Investment	1,290,289	5,791,728
Cash & Short Term Deposits	6,453,452	2,309,100
<b>Total Assets</b>	<b>25,689,329</b>	<b>21,107,870</b>
Sales In Advance	4,629,227	4,299,163
Other Creditors & Accruals	2,759,092	2,457,011
Amounts Owing to Related Party	472,709	506,830
Long Term Liabilities	11,627,322	7,988,518
<b>Total Liabilities</b>	<b>19,488,350</b>	<b>15,251,522</b>
Share Capital	435,556	435,556
Share Premium	2,628,786	2,628,786
Retained Earnings	3,136,637	2,792,006
<b>Total Equity</b>	<b>6,200,979</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 1,731.6 billion in 4Q14, 11% higher as compared to the IDR 1,566.8 billion achieved in 4Q13. The positive growth in revenue can be attributed to higher average fares which increased by 26% year-on-year, while ancillary income per passenger increased by 16% year-on-year. Passengers carried by Indonesia AirAsia decreased by 11% year-on-year while there was a decrease of 14% in seat capacity. As a result the seat load factor increased by 4 percentage point to 80% as compared to 4Q13.

Indonesia AirAsia recorded an operating profit of IDR23.4 billion in 4Q14, compared to an operating loss of IDR369.1 billion in 4Q13. Indonesia AirAsia recorded a net loss of IDR63.4 billion in 4Q14 as compared to a net loss of IDR429.3 billion in 4Q13.



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In the full year 2014, Indonesia AirAsia recorded revenue of IDR6,340.3 billion, 9% higher as compared to the IDR5,801.8 billion achieved in FY13. The positive growth in revenue can be attributed to higher unit passenger revenue which increased by 9% year-on-year. Ancillary income per passenger increased by 7% year-on-year. Passengers carried by Indonesia AirAsia remained consistent with the FY13 as capacity decreased by 3% year-on-year while the seat load factor increased 2ppt to 78%.

Indonesia AirAsia recorded an operating loss of IDR562.6 billion in FY14, compared to an operating loss of IDR125.9 billion in FY13. Indonesia AirAsia recorded a net loss of IDR856.3 billion in FY14 as compared to a net loss of IDR373.9 billion in FY13.

The AirAsia Berhad share of the net loss in FY14 amounted to RM115.9 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 RM334.4 million of unrecognized losses have been reversed.

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

Quarter Ended: 31 December	Oct - Dec 2014	Oct - Dec 2013	Change y-o-y
Passengers Carried	1,919,789	2,153,362	-11%
Capacity	2,413,440	2,818,980	-14%
Seat Load Factor	80%	76%	4 ppt
RPK (million)	2,303	2,506	-8%
ASK (million)	2,896	3,271	-11%
Average Fare (IDR)	723,499	572,613	26%
Ancillary Income Per Pax (IDR)	180,467	155,010	16%
Unit Passenger Revenue (IDR)	903,966	727,623	24%
Revenue / ASK (IDR)	597.85	479.00	25%
Revenue / ASK (US cents)	4.89	3.92	25%
Cost / ASK (IDR)	589.78	591.83	0%
Cost / ASK (US cents)	4.82	4.84	0%
Cost / ASK-ex Fuel (IDR)	331.20	321.67	3%
Cost / ASK-ex Fuel (US cents)	2.71	2.63	3%
Aircraft (end of period)	30	30	0%
Average Stage Length (km)	1,190	1,183	1%
Number of Flights	13,411	15,661	-14%
Fuel Consumed (Barrels)	491,447	519,977	-5%
Average Fuel Price (US\$ / Barrel)	125	139	-10%

*Exchange Rate: USD:IDR – 12,234 - prior year US cents figures are restated at the current period average exchange rate*



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Performance indicator for Indonesia operations for current financial year against the previous financial year

Period Ended: 31 December	Jan - Dec 2014	Jan - Dec 2013	Change y-o-y
Passengers Carried	7,850,065	7,853,375	0%
Capacity	10,041,300	10,314,180	-3%
Seat Load Factor	78%	76%	2 ppt
RPK (million)	9,150	9,293	-2%
ASK (million)	11,663	12,136	-4%
Average Fare (IDR)	651,189	591,497	10%
Ancillary Income Per Pax (IDR)	157,729	147,274	7%
Unit Passenger Revenue (IDR)	808,918	738,771	9%
Revenue / ASK (IDR)	543.64	478.05	14%
Revenue / ASK (US cents)	4.58	4.03	14%
Cost / ASK (IDR)	591.88	488.43	21%
Cost / ASK (US cents)	4.98	4.11	21%
Cost / ASK-ex Fuel (IDR)	328.78	251.22	31%
Cost / ASK-ex Fuel (US cents)	2.77	2.12	31%
Aircraft (end of period)	30	30	0%
Average Stage Length (km)	1,180	1,195	-1%
Number of Flights	55,796	57,301	-3%
Fuel Consumed (Barrels)	1,994,156	1,955,889	2%
Average Fuel Price (US\$ / Barrel)	130	124	5%

*Exchange Rate: USD:IDR – 11,877 - prior year US cents figures are restated at the current period average exchange rate*



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

<b>Quarter Ended: 31 December</b> <b>IDR million</b>	<b>Oct - Dec 2014</b>	<b>Oct - Dec 2013</b>
<b>Revenue</b>	<b>1,731,634</b>	<b>1,566,837</b>
Operating expenses:		
- Staff costs	(153,132)	(220,549)
- Depreciation	(25,224)	(24,616)
- Aircraft fuel expenses	(748,941)	(883,716)
- Aircraft operating lease expense	(307,509)	(284,150)
- Maintenance & overhaul	(201,799)	(177,332)
- User charges and other related expenses	(170,046)	(206,888)
- Provision for early return of aircraft	-	(41)
- Other operating expenses	(112,560)	(155,959)
Other income	10,965	17,324
<b>Operating profit/(loss)</b>	<b>23,388</b>	<b>(369,090)</b>
Finance Income	643	473
Finance Costs	(87,445)	(60,700)
<b>Loss before tax</b>	<b>(63,414)</b>	<b>(429,317)</b>
Taxation	-	-
<b>Loss after tax</b>	<b>(63,414)</b>	<b>(429,317)</b>
EBITDAR	356,121	(60,324)
EBITDAR Margin	21%	-4%
EBIT Margin	1%	-24%



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Performance of current financial year against the previous financial year for Indonesia

<b>Period Ended: 31 December IDR million</b>	<b>Jan - Dec 2014</b>	<b>Jan - Dec 2013</b>
<b>Revenue</b>	<b>6,340,254</b>	<b>5,801,845</b>
Operating expenses:		
- Staff costs	(693,364)	(650,800)
- Depreciation	(99,232)	(94,619)
- Aircraft fuel expenses	(3,068,437)	(2,878,894)
- Aircraft operating lease expense	(1,184,782)	(863,308)
- Maintenance & overhaul	(698,030)	(557,700)
- User charges and other related expenses	(787,398)	(629,884)
- Provision for early return of aircraft	-	(41)
- Other operating expenses	(396,874)	(304,267)
Other income	25,244	51,777
<b>Operating loss</b>	<b>(562,619)</b>	<b>(125,891)</b>
Finance Income	1,729	3,565
Finance Costs	(295,440)	(251,588)
<b>Loss before tax</b>	<b>(856,330)</b>	<b>(373,914)</b>
Taxation	-	-
<b>Loss after tax</b>	<b>(856,330)</b>	<b>(373,914)</b>
EBITDAR	721,395	832,036
EBITDAR Margin	11%	14%
EBIT Margin	-9%	-2%



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### Balance Sheet

Quarter Ended: 31 December IDR million	Dec 2014	Dec 2013
Property, Plant & Equipment	1,526,308	1,592,071
Work In Progress	-	-
Deferred Expenditure	9,503	9,503
Inventory	22,367	23,420
Other Debtors & Prepayments	179,796	155,403
Amounts Owing from Related Party	2,283,237	2,553,159
Maintenance Reserves	277,516	193,986
Cash & Short Term Deposits	127,732	25,769
<b>Total Assets</b>	<b>4,426,459</b>	<b>4,553,311</b>
Sales In Advance	193,686	521,996
Other Creditors & Accruals	4,428,466	3,295,862
Amounts Owing to Related Party	862,096	799,084
Borrowings	1,446,725	1,584,555
<b>Total Liabilities</b>	<b>6,930,973</b>	<b>6,201,497</b>
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(2,684,514)	(1,828,186)
<b>Total Equity</b>	<b>(2,504,514)</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 RM19.3 million (quarter ended 31 December 2013: net loss of RM24.8 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 RM102.5 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 RM12.7 million (quarter ended 31 December 2013: RM6.4 million) in the quarter under review out of which RM11.8 million is equity accounted in the AirAsia Berhad income statement. In the full year, AA India recorded a net loss of RM54.7 million of which RM11.8 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 RM19.7 million in the year under review of which RM9.6 million is equity accounted in the financial statements of AirAsia Berhad.

### vi) Associate Company – Think Big Digital Sdn Bhd (‘BIG’)

BIG is an associate company which is incorporated in Malaysia and is 47.8% owned by AirAsia Berhad. BIG recorded a net loss of RM8.6 million (quarter ended 31 December 2013: net loss of RM1.5 million) in the quarter under review and a net loss of RM22.2 million in the full year 2014 of which RM3.7 million is equity accounted in the AirAsia Berhad financial statement. 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 RM40.5 million of unrecognized losses have been reversed.

### vii) 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 RM5.0 million (quarter ended 31 December 2013: net loss of RM3.4 million) in the quarter of which RM2.5 million (quarter ended 31 December 2013: RM1.7 million) is equity accounted in the AirAsia Berhad income statement. In the full year, AACOE recorded a net profit of RM73.3 million of which RM36.6 million is equity accounted in the AirAsia Berhad income statement.

### viii) 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 RM0.2 million (quarter ended 31 December 2013: RM18.8 million) in the quarter of which RM0.1 million (quarter ended 31 December 2013: net profit of RM8.9 million) is equity accounted in the AirAsia Berhad income statement. In the full year, AAE Travel recorded a net profit of RM16.2 million of which RM8.1 million is equity accounted in the AirAsia Berhad income statement.



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### 23. Variation of results against preceding quarter

The Group reported a loss after after taxation of RM428.5 million for the quarter under review. This is RM433.9 million lower compared to the RM5.4 million profit after taxation achieved in the immediately preceding quarter ended 30 September 2014.

### 24. Commentary on prospects

The Group will take delivery of four A320 aircraft in the first quarter of 2015, of which two will be deployed in Thailand and two in Malaysia.

In Malaysia, forward loads and average fares for the remaining months of the first quarter of 2015 are lower than the prior year, primarily due to the suspension of marketing activities for a period of 60 days. This decision was taken as a mark of respect for the families of the bereaved following the tragic loss of QZ8501 in December 2014. Marketing activities were also suspended in Indonesia.

Beyond the first quarter MAA expects to see a recovery in base fares as compared to the prior year as marketing activities are resumed and better price discipline returns to the market.

In Thailand forward loads for the remaining months of the first quarter of 2015 are similar to the prior year with average fares higher than the prior year. TAA will continue to focus on domestic, southern China and Indo-China routes in the remaining quarters of 2015.

In Indonesia, forward loads and average fares for the remaining months of the first quarter of 2015 are lower than in the prior year. 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 and average fares for the remaining months of the first quarter 2015 are higher than the prior year. PAA remains on track with its turnaround plan, which is currently being implemented, to improve both yields and load factors.

In India, despite being only a few months into operations, the forward loads remain buoyant. AirAsia India 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 first quarter of 2015 should be seen in the context of the price of oil and aviation fuel, both of which have seen significance recent declines. A lower fuel price has obvious benefits for the airline industry, but the lower prices have been partially offset by weaker currencies against the US dollar, across all Asean nations.

However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the first quarter of 2015 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 31/12/14	Quarter Ended 31/12/13	Year to Date 31/12/14	Year to Date 31/12/13
<b>Finance income</b>				
Interest on amounts due from associates and JV entities	28,292	11,722	88,867	49,629
Interest on deposits	6,254	370	17,889	5,537
Gain from interest rate contracts	-	10,213	9,692	48,112
Other interest income	2,830	1,645	5,421	9,042
	37,376	23,950	121,869	112,320
<b>Finance costs</b>				
Bank borrowings	(149,095)	(103,982)	(522,850)	(418,794)
Amortisation of premiums for interest rate caps	(2,088)	(2,025)	(8,192)	(8,032)
Loss from interest rate contracts	(1,387)	-	-	-
Bank facilities and other charges	(1,302)	(350)	(2,925)	(1,580)
	(153,872)	(106,357)	(533,967)	(428,406)
<b>Net cost</b>	(116,496)	(82,407)	(412,098)	(316,086)
<b>Foreign exchange gains/(losses)</b>				
- unrealized foreign exchange loss on borrowings	(704,532)	(60,504)	(737,793)	(586,767)
- realized foreign exchange losses	(57,938)	(3,209)	(60,272)	(5,606)
- foreign currency contracts	37,135	13,396	27,452	44,634
- fair value movement recycled from cash flow hedge reserve	77,775	15,430	175,256	194,520
	(647,560)	(34,887)	(595,357)	(353,219)



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### 27. Income tax expense

#### *Current taxation*

The current taxation charge of RM8.6 million comprises tax payable on interest income.

#### *Deferred taxation*

RM27.9 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 19 November 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 19 November 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 31/12/2014 RM'000</b>	<b>At 30/9//2014 RM'000</b>
<b>Current</b>	2,274,928	1,777,749
<b>Non-current</b>	10,453,090	10,013,715
<b>Total Debt</b>	<b>12,728,018</b>	<b>11,791,464</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 31 December 2014, AirAsia Berhad has hedged approximately 50% 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 3.2377.

(ii) Interest Rate Hedging

As at 31 December 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 31 December 2014, the Group has entered into Singapore Jet Kerosene fixed swaps which represents up to 50% of the Group’s total budgeted fuel consumption for year 2015.



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

<b>Type of derivatives</b>	<b>Notional Value as at 31/12/2014</b>	<b>Fair Value as at 31/12/2014 Assets/(Liabilities)</b>
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	3.19	(165.70)
- 1 year to 3 years	-	-
<b>Total</b>	<b>3.19</b>	<b>(165.70)</b>
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	8.93	(0.44)
- more than 3 years	3,690.30	(272.51)
<b>Total</b>	<b>3,699.23</b>	<b>(272.95)</b>
	RM (million)	RM (million)
(iii) Foreign currency contracts		
- less than 1 year	34.48	3.72
- 1 year to 3 years	64.60	6.88
- more than 3 years	3,088.63	375.73
<b>Total</b>	<b>3,187.71</b>	<b>386.33</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 31 December 2014 and 31 December 2013:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 December 2014</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	281,653	-	281,653
Derivatives used for hedging	-	386,331	-	386,331
Available-for-sale financial assets				-
- Equity securities	384,790	-	-	384,790
<b>Total Assets</b>	<b>384,790</b>	<b>667,984</b>	<b>-</b>	<b>1,052,774</b>
<b>Liabilities</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	355,847	-	355,847
Derivatives used for hedging	-	364,452	-	364,452
<b>Total Liabilities</b>	<b>-</b>	<b>720,299</b>	<b>-</b>	<b>720,299</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 26 February 2015, there was no material litigation against the Group.

**35. Proposed dividend**

The Directors do not recommend any dividend for the quarter ended 31 December 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 31/12/14	Preceding Year Quarter Ended 31/12/13	Current Year to Date 31/12/14	Preceding Year to Date 31/12/13
Net (loss)/profit for the financial period (RM'000)	(428,509)	168,501	82,836	362,124
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,780,215	2,780,542	2,780,215	2,780,542
Adjusted for share options granted ('000)	580	2,020	580	2,020
Adjusted weighted average number of ordinary shares ('000)	2,780,795	2,782,562	2,780,795	2,782,562
Basic earnings per share (sen)	(15.4)	6.1	3.0	13.0
Diluted earnings per share (sen)	(15.4)	6.1	3.0	13.0



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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  
26 February 2015