Company No.	
284669	W

AIRASIA BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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Company No.

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AIRASIA BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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Company No.

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AIRASIA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of providing air transportation services. The principal activities of the subsidiaries are described in Note 13 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	1,831,338	662,858

DIVIDENDS

The dividend on ordinary shares paid by the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 2011, first and final dividend of 5 sen per ordinary share of RM0.10 each, on 2,779,141,580 ordinary shares of RM0.10 each, paid on 20 July 2012	138,957
In respect of the financial year ended 31 December 2012, a single-tier interim 'special' dividend of 18 sen per ordinary share of RM0.10 each on 2,779,906,580 ordinary shares of RM0.10 each, paid on 12 April 2013	500,383
	639,340

The Directors now recommend a final single-tier dividend in respect of the financial year ended 31 December 2012 of 6 sen per share on 2,780,510,580 ordinary shares of RM0.10 each amounting to RM166,830,635, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM277,808,558 to RM277,990,658 by way of issuance of 1,821,000 ordinary shares of RM0.10 each pursuant to the exercise of the Company's Employee Share Option Scheme ("ESOS") at an exercise price of RM1.08 per share. The premium arising from the exercise of ESOS of RM1,784,580, has been credited to the Share Premium account.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company. There were no other changes in the issued and paid-up share capital of the Company during the financial year.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company implemented an ESOS on 1 September 2004. The ESOS is governed by the by-laws which were approved by the shareholders on 7 June 2004 and was effective for a period of 5 years from the date of approval. On 28 May 2009, the Company extended the duration of its ESOS which expired on 6 June 2009 by another 5 years to 6 June 2014. This was in accordance with the terms of the ESOS By-Laws. The ESOS extension was not subject to any regulatory or shareholders' approval.

Details of the ESOS are set out in Note 30 to the financial statements.

The Company has been granted an exemption by the Companies Commission of Malaysia, the information of which has been separately filed, from having to disclose the list of option holders and their holdings, except for eligible employees (inclusive of Executive Directors) with share options allocation of 320,000 and above. The employees who have been granted options of more than 320,000 shares are Tan Sri Dr. Anthony Francis Fernandes and Dato' Kamarudin Bin Meranun, details of which are disclosed in the section on Directors' Interests in Shares below.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	
Tan Sri Dr. Anthony Francis Fernandes	
Dato' Kamarudin Bin Meranun	
Conor Mc Carthy	
Dato' Leong Sonny @ Leong Khee Seong	
Dato' Fam Lee Ee	
Dato' Mohamed Khadar Bin Merican	
Datuk Mohd Omar Bin Mustapha	
Aireen Omar	(Appointed on 1 July 2012)
Tan Sri Mohamed Azman Bin Yahya	(Resigned on 30 April 2012)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the Company's ESOS (see Note 5 to the financial statements).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and options over shares in the Company are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2012	Acquired	Disposed	At 31.12.2012
Direct interests in the Company				
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	-	300,000	(100,000)	200,000**
Tan Sri Dr. Anthony Francis Fernandes	3,227,010	-	-	3,227,010
Dato' Kamarudin Bin Meranun	1,692,900	600,000	-	2,292,900
Conor Mc Carthy	9,665,000	500,000	(1,065,000)	9,100,000***
Dato' Leong Sonny @ Leong Khee Seong	100,000	-	-	100,000
Dato' Fam Lee Ee	50,000	-	-	50,000
Indirect interests				
Tan Sri Dr. Anthony Francis Fernandes *	362,957,782	277,650,600	-	640,608,382
Dato' Kamarudin Bin Meranun *	362,957,782	277,650,600	-	640,608,382

* By virtue of their interests in shares in the substantial shareholder of the Company, Tune Air Sdn. Bhd. ("TASB"), Tan Sri Dr. Anthony Francis Fernandes and Dato' Kamarudin Bin Meranun are deemed to have interests in the Company to the extent of TASB's interests therein, in accordance with Section 6A of the Companies Act, 1965.

** Shares held under Cimsec Nominees (Tempatan) Sdn Bhd

*** 100,000 shares held in personal name and 9,000,000 shares held under HSBC Nominees (Asing) Sdn Bhd.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of options over ordinary shares of RM0.10 each			
	At 1.1.2012	Granted	Exercised	At 31.12.2012
The Company				
Dato' Kamarudin Bin Meranun	600,000	-	(600,000)	-

Other than as disclosed above, according to the register of Directors' shareholdings, none of the other Directors in office at the end of the financial year held any interest in shares, options over shares, or debentures of the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations as and when they fall due.

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AIRASIA BERHAD
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DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 29 APR 2013

TAN SRI DR. ANTHONY FRANCIS FERNANDES	AIREEN OMAR
DIRECTOR	DIRECTOR

Company No. 284669 W

AIRASIA BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	4	4,946,091	4,495,141	4,946,091	4,449,933
Operating expenses					
- Staff costs	5	(580,294)	(484,177)	(580,207)	(482,526)
- Depreciation of property, plant and equipment	12	(567,176)	(570,909)	(567,176)	(570,755)
- Aircraft fuel expenses		(1,947,947)	(1,759,868)	(1,947,947)	(1,759,868)
- Maintenance and overhaul		(112,398)	(86,698)	(112,398)	(86,698)
- User charges and other related expenses		(415,898)	(386,868)	(415,894)	(385,565)
- Aircraft operating lease expenses		(159,512)	(80,655)	(159,512)	(80,655)
- Travel and tour operating expenses		-	(36,555)	-	-
- Other operating expenses	6	(269,225)	(163,747)	(268,401)	(153,688)
Other gains/(losses) – net	7	11,035	(55,501)	11,035	(55,501)
Other income	8	123,942	292,357	113,510	292,156
Operating profit		1,028,618	1,162,520	1,019,101	1,166,833
Finance income	9	79,391	66,078	79,237	66,056
Finance costs	9	(378,808)	(377,894)	(378,785)	(377,865)
Net operating profit		729,201	850,704	719,553	855,024
Foreign exchange gains/(losses) on borrowings	9	145,425	(93,472)	145,393	(93,472)
Foreign exchange (losses)/gains on amounts due from associates and jointly-controlled entities		(29,139)	13,457	(29,139)	13,457
Fair value and gain on disposal of interest in Thai AirAsia Co Ltd	14	1,160,370	-	-	-
Share of results of jointly controlled entities	14	(2,899)	11,980	-	-
Share of results of associates	15	1,329	(5,652)	-	-
Profit before taxation		2,004,287	777,017	835,807	775,009
Taxation					
- Current taxation	10	(18,245)	(18,533)	(18,194)	(18,533)
- Deferred taxation	10	(154,704)	(203,160)	(154,755)	(203,109)
		(172,949)	(221,693)	(172,949)	(221,642)
Net profit for the financial year		1,831,338	555,324	662,858	553,367
Earnings per share (sen)					
- Basic	11	65.9	20.0		
- Diluted	11	65.8	20.0		

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AIRASIA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the financial year		1,831,338	555,324	662,858	553,367
Other comprehensive income/ (loss)					
- Available-for-sale financial assets	16	110,284	-	110,284	-
- Cash flow hedges		61,215	(88,054)	61,215	(88,054)
- Foreign currency translation differences		(145)	111	-	-
Other comprehensive income/ (loss) for the financial year, net of tax		171,354	(87,943)	171,499	(88,054)
Total comprehensive income for the financial year		2,002,692	467,381	834,357	465,313
Total comprehensive income attributable to:					
- Equity holders of the Company		2,002,692	467,381		
- Non-controlling interests		-	-		
		2,002,692	467,381		

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AIRASIA BERHAD
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BALANCE SHEETS AS AT 31 DECEMBER 2012

	Note			Group			Company
		31.12.2012	31.12.2011	1.1.2011*	31.12.2012	31.12.2011	1.1.2011*
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS							
Property, plant and equipment	12	9,786,030	8,586,451	9,318,041	9,786,030	8,586,146	9,316,592
Investments in subsidiaries	13	-	-	-	23,480	23,480	25,384
Investments in jointly controlled entities	14	120,755	123,654	-	81,559	81,559	-
Investments in associates	15	1,204,575	39,079	29	29	29	29
Available-for-sale financial assets	16	308,792	152,942	152,942	295,982	152,942	152,942
Other investments		-	-	25	-	-	25
Goodwill	17	7,334	7,334	8,738	-	-	-
Deferred tax assets	18	361,396	516,100	719,260	361,396	516,151	719,260
Receivables and prepayments	19	28,141	15,548	23,593	28,141	15,548	23,593
Deposits on aircraft purchase	20	483,795	367,768	248,684	483,795	367,768	248,684
Amount due from an associate	21	449,578	513,614	117,964	449,578	513,614	117,964
Derivative financial instruments	22	37,673	44,811	25,544	37,673	44,811	25,544
		12,788,069	10,367,301	10,614,820	11,547,663	10,302,048	10,630,017
CURRENT ASSETS							
Inventories	23	23,725	19,730	17,553	23,725	19,730	17,005
Receivables and prepayments	19	1,357,094	1,109,775	841,122	1,323,614	1,081,125	815,921
Derivative financial instruments	22	-	7,659	-	-	7,659	-
Amounts due from subsidiaries	24	-	-	-	174,730	105,409	432,382
Amounts due from jointly-controlled entities	25	10,765	4,526	99,802	3,066	4,526	-
Amounts due from associates	21	331,407	289,492	162,386	331,407	289,492	162,386
Amount due from a related party	24	1,282	-	-	1,282	-	-
Deposits, cash and bank balances	26	2,232,731	2,105,010	1,504,617	2,166,999	2,079,712	1,499,061
Current tax recoverable		-	2,216	-	-	1,942	-
		3,957,004	3,538,408	2,625,480	4,024,823	3,589,595	2,926,755

* Also represents the balance sheets of the Group and Company as at 31 December 2010.

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AIRASIA BERHAD
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BALANCE SHEETS AS AT 31 DECEMBER 2012 (CONTINUED)

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.1.2011* RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.1.2011* RM
LESS: CURRENT LIABILITIES							
Trade and other payables	27	1,295,065	1,137,232	912,943	1,266,924	1,103,063	884,344
Sales in advance		546,150	389,833	328,549	533,201	376,628	307,987
Amounts due to subsidiaries	28	-	-	-	-	5,605	44,251
Amounts due to jointly controlled entities	25	-	19,761	-	-	50,087	322,614
Amount due to an associate	21	29,032	4,444	5,223	68,052	4,444	5,223
Amount due to a related party	28	12,639	10,560	41,262	12,639	10,560	41,262
Hire-purchase payables		-	-	15	-	-	15
Borrowings	29	1,126,154	594,231	553,967	1,126,154	594,231	553,967
Derivative financial-instruments	22	35,419	38,011	-	35,419	38,011	-
Current tax liabilities		5,122	-	1,632	5,563	-	955
		3,049,581	2,194,072	1,843,591	3,047,952	2,182,629	2,160,618
NET CURRENT ASSETS		907,423	1,344,336	781,889	976,871	1,406,966	766,137
NON-CURRENT LIABILITIES							
Borrowings	29	7,283,185	7,186,919	7,302,884	7,283,185	7,186,919	7,302,884
Derivative financial instruments	22	510,208	488,321	452,865	510,208	488,321	452,865
		7,793,393	7,675,240	7,755,749	7,793,393	7,675,240	7,755,749
		5,902,099	4,036,397	3,640,960	4,731,141	4,033,774	3,640,405
CAPITAL AND RESERVES							
Share capital	30	277,991	277,809	277,344	277,991	277,809	277,344
Share premium		1,227,935	1,226,150	1,221,594	1,227,935	1,226,150	1,221,594
Foreign exchange reserve		451	596	485	-	-	-
Retained earnings	31	4,273,311	2,580,930	2,102,571	3,102,804	2,578,903	2,102,501
Other reserves		122,411	(49,088)	38,966	122,411	(49,088)	38,966
Shareholders' equity		5,902,099	4,036,397	3,640,960	4,731,141	4,033,774	3,640,405

* Also represents the balance sheets of the Group and Company as at 31 December 2010.

AIRASIA BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.10 each									
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Cash flow hedge reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012		2,778,087	277,809	1,226,150	596	(159,363)	110,275	2,580,930	4,036,397	-	4,036,397
Net profit for the financial year		-	-	-	-	-	-	1,831,338	1,831,338	-	1,831,338
Fair value losses during the financial year		-	-	-	-	(45,128)	-	-	(45,128)	-	(45,128)
Amounts transferred to income statement		-	-	-	-	106,343	-	-	106,343	-	106,343
Other comprehensive (loss)/income		-	-	-	(145)	-	110,284	-	110,139	-	110,139
Total comprehensive (loss)/income		-	-	-	(145)	61,215	110,284	1,831,338	2,002,692	-	2,002,692
Dividend	32	-	-	-	-	-	-	(138,957)	(138,957)	-	(138,957)
Issuance of ordinary shares - pursuant to the Employee Share Option Scheme ('ESOS')	30	1,821	182	1,785	-	-	-	-	1,967	-	1,967
At 31 December 2012		2,779,908	277,991	1,227,935	451	(98,148)	220,559	4,273,311	5,902,099	-	5,902,099

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.10 each									
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Cash flow hedge reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011		2,773,437	277,344	1,221,594	485	(71,309)	110,275	2,102,571	3,640,960	-	3,640,960
Net profit for the financial year		-	-	-	-	-	-	555,324	555,324	-	555,324
Fair value gains during the financial year		-	-	-	-	8,962	-	-	8,962	-	8,962
Amounts transferred to income statement		-	-	-	-	(97,016)	-	-	(97,016)	-	(97,016)
Other comprehensive income		-	-	-	111	-	-	-	111	-	111
Total comprehensive income/(loss)		-	-	-	111	(88,054)	-	555,324	467,381	-	467,381
Dividend	32	-	-	-	-	-	-	(76,965)	(76,965)	-	(76,965)
Issuance of ordinary shares - pursuant to the Employee Share Option Scheme ('ESOS')	30	4,650	465	4,556	-	-	-	-	5,021	-	5,021
At 31 December 2011		2,778,087	277,809	1,226,150	596	(159,363)	110,275	2,580,930	4,036,397	-	4,036,397

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AIRASIA BERHAD
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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Issued and fully paid ordinary shares of RM0.10 each		Non-distributable			Distributable	
	Note	Number of shares '000	Nominal value RM'000	Cash flow hedge reserve RM'000	AFS reserve RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2012		2,778,087	277,809	(159,363)	110,275	1,226,150	2,578,903	4,033,774
Net profit for the financial year		-	-	-	-	-	662,858	662,858
Fair value losses during the financial year		-	-	(45,128)	-	-	-	(45,128)
Amounts transferred to income statement		-	-	106,343	-	-	-	106,343
Other comprehensive income		-	-	-	110,284	-	-	110,284
Total comprehensive income		-	-	61,215	110,284	-	662,858	834,357
Dividend	32	-	-	-	-	-	(138,957)	(138,957)
Issuance of shares - pursuant to the Employee Share Option Scheme ('ESOS')	30	1,821	182	-	-	1,785	-	1,967
At 31 December 2012		2,779,908	277,991	(98,148)	220,559	1,227,935	3,102,804	4,731,141

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AIRASIA BERHAD
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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

		Issued and fully paid ordinary shares of RM0.10 each		Non-distributable			Distributable	
	Note	Number of shares '000	Nominal value RM'000	Cash flow hedge reserve RM'000	AFS reserve RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2011		2,773,437	277,344	(71,309)	110,275	1,221,594	2,102,501	3,640,405
Net profit for the financial year		-	-	-	-	-	553,367	553,367
Fair value gains during the financial year		-	-	8,962	-	-	-	8,962
Amounts transferred to income statement		-	-	(97,016)	-	-	-	(97,016)
Total comprehensive (loss)/income		-	-	(88,054)	-	-	553,367	465,313
Dividends	32	-	-	-	-	-	(76,965)	(76,965)
Issuance of shares - pursuant to the Employee Share Option Scheme ('ESOS')	30	4,650	465	-	-	4,556	-	5,021
At 31 December 2011		2,778,087	277,809	(159,363)	110,275	1,226,150	2,578,903	4,033,774

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AIRASIA BERHAD
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CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	2,004,287	777,017	835,807	775,009
Adjustments:				
Property, plant and equipment				
- Depreciation	567,176	570,909	567,176	570,755
- Write off	-	1,089	-	-
- Impairment	-	16,983	-	16,983
- Gain on disposals	(9,328)	(198,923)	(9,328)	(198,923)
Impairment loss on goodwill	-	1,404	-	-
Fair value and gain on disposal of interest in Thai AirAsia Co Ltd	(1,160,370)	-	-	-
Impairment of investment in subsidiary	-	-	-	1,904
Amortisation of other investments	-	25	-	25
Unwinding of discount on related party receivables	-	(22,656)	-	(22,656)
Fair value loss/(gain) on derivative financial instruments	95,308	(41,515)	95,308	(41,515)
Share of results of jointly controlled entities	2,899	(11,980)	-	-
Share of results of associates	(1,329)	5,652	-	-
Net unrealised foreign exchange gain)/loss	(205,524)	150,234	(205,492)	150,234
Interest expense	378,808	368,007	378,785	368,007
Interest income	(79,391)	(43,422)	(79,237)	(43,422)
	1,592,536	1,572,824	1,583,019	1,576,401
Changes in working capital:				
Inventories	(3,995)	(2,177)	(3,995)	(2,725)
Receivables and prepayments	(268,116)	(261,860)	(263,141)	(252,196)
Trade and other payables	315,856	272,573	316,254	235,716
Related party balances	28,948	169,205	(23,981)	97,760
Cash generated from operations	1,665,229	1,750,565	1,608,156	1,654,956
Interest paid	(378,808)	(367,707)	(378,485)	(367,707)
Interest received	79,391	43,422	79,237	43,422
Tax paid	(10,856)	(22,381)	(10,689)	(21,430)
Net cash from operating activities	1,354,956	1,403,899	1,298,219	1,309,241

AIRASIA BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Property, plant and equipment					
- Additions		(1,772,597)	(612,393)	(1,772,597)	(612,294)
- Proceeds from disposals		15,170	387,960	14,865	387,960
Investment in a jointly-controlled entity		-	(111,674)	-	(81,559)
Investment in an associate		(16,608)	(44,702)	-	-
Deposits on aircraft purchase		(128,740)	(106,662)	(128,740)	(106,662)
Purchases of available-for-sale financial assets		(32,756)	-	(32,756)	-
Net cash used in investing activities		(1,935,531)	(487,471)	(1,919,228)	(412,555)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from allotment of shares		1,967	5,021	1,967	5,021
Hire-purchase instalments paid		-	(15)	-	(15)
Proceeds from borrowings		1,533,298	508,148	1,533,298	508,148
Repayment of borrowings		(662,376)	(752,224)	(662,376)	(752,224)
Dividends paid		(138,957)	(76,965)	(138,957)	(76,965)
Deposits released/(pledged) as securities		(1,094)	16,395	(1,094)	16,395
Net cash from/(used in) financing activities		732,838	(299,640)	732,838	(299,640)
NET INCREASE FOR THE FINANCIAL YEAR		152,263	616,788	111,829	597,046
CURRENCY TRANSLATION DIFFERENCES		(25,636)	-	(25,636)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,092,616	1,475,828	2,067,318	1,470,272
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26	2,219,243	2,092,616	2,153,511	2,067,318

Company No.

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AIRASIA BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

SIGNIFICANT NON-CASH TRANSACTIONS

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total purchase of property, plant and equipment during the financial year	12	(1,896,197)	(1,281,964)	(1,896,197)	(1,281,865)
Settlement by lessors on behalf of the Company for purchase of aircraft		123,600	669,571	123,600	669,571
Net cash used in purchase of property, plant and equipment		(1,772,597)	(612,393)	(1,772,597)	(612,294)
Net book value of property, plant and equipment disposed during the financial year	12	129,442	1,424,573	129,137	1,424,573
Gain on disposal of property, plant and equipment		9,328	198,923	9,328	198,923
Total proceeds from disposal of property, plant and equipment		138,770	1,623,496	138,465	1,623,496
Settlement by lessors on behalf of the Company for purchase of aircraft		(123,600)	(669,571)	(123,600)	(669,571)
Advances to an associate for purchase of property, plant and equipment		-	(565,965)	-	(565,965)
Net cash proceeds received from disposal of property, plant and equipment		15,170	387,960	14,865	387,960

1 GENERAL INFORMATION

The principal activity of the Company is that of providing air transportation services. The principal activities of the subsidiaries are described in Note 13 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

The address of the registered office of the Company is as follows:

B-13-15, Level 13,
Menara Prima Tower B,
Jalan PJU1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

The address of the principal place of business of the Company is as follows:

LCC Terminal
Jalan KLIA S3
Southern Support Zone
KL International Airport
64000 Sepang
Selangor Darul Ehsan

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 April 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards'. The Group and Company have consistently applied the same accounting policies in their opening MFRS balance sheets as at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. The comparative balance sheets have been restated to give effect to these changes as disclosed in Note 39 to the financial statements. Save for the required presentation of a balance sheet and related notes as of the date of the transition on 1 January 2011, there is no other significant impact on the Group and Company's financial results and position, or changes to the accounting policies of the Group, arising from the adoption of this MFRS framework.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The Group will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial years beginning on or after 1 January 2013

- MFRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127, 'Consolidated and Separate Financial Statements' and IC Interpretation 112, 'Consolidation - Special Purpose Entities'.

- MFRS 12, 'Disclosures of Interests in Other Entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (continued)

(i) Financial years beginning on or after 1 January 2013 (continued)

- MFRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127, 'Separate Financial Statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128, 'Investments in Associates and Joint Ventures' (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101, 'Presentation of Items of Other Comprehensive Income' (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' ('OCI') in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 119, 'Employee benefits' (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

- Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (continued)

(ii) Financial years beginning on or after 1 January 2014

- Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial years beginning on or after 1 January 2015

- MFRS 9, 'Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ('FVTPL'). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in OCI. There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The Group is in the process of assessing the impact of the adoption of these standards, amendments to published standards and interpretations to existing standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those corporations or other entities (including special purpose entities) in which the Group has power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating polices by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating polices.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the successive acquisition dates at each stage, and the changes in fair value is taken through profit or loss.

Profit or loss and each component of other comprehensive income of the subsidiaries are attributed to the parent and the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operation decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised within reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in jointly controlled entities equals or exceeds its interest in the jointly controlled entities, including any other long-term interests that, in substance, form part of the Group's net investment in those entities, the Group discontinues recognising its share of further losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

(ii) Jointly controlled entities (continued)

After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entities. If the jointly controlled entities subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, appropriate adjustments are made to the financial statements of the jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

The Group's share of post-acquisition profit or loss is recognised in the income statements, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

(iii) Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ('CGUs'), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives. The useful lives for this purpose are as follows:

Aircraft	
- engines and airframe excluding service potential	25 years
- service potential of engines and airframe	7 or 13 years
Aircraft spares	10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Buildings	
- simulator	28.75 years
- hangar	50 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

The useful lives for this purpose are as follows: (continued)

Motor vehicles	5 years
Office equipment, furniture and fittings	5 years
Office renovation	5 years
Simulator equipment	25 years
Operating plant and ground equipment	5 years
Kitchen equipment	5 years
In flight equipment	5 years
Training equipment	5 years

Service potential of 7 years represents the period over which the expected cost of the first major aircraft engine overhaul is depreciated. Subsequent to the engine overhaul, the actual cost incurred is capitalised and depreciated over the subsequent 7 years.

Service potential of 13 years represents the period over which the expected cost of the first major airframe check is depreciated. Subsequent to the airframe check, the actual cost incurred is capitalised and depreciated over the subsequent 13 years.

Assets not yet in operation are stated at cost and are not depreciated until the assets are ready for their intended use. Useful lives of assets are reviewed and adjusted if appropriate, at the balance sheet date.

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates are adjusted accordingly on a prospective basis. For the current financial year ended 31 December 2012, the estimated residual value for aircraft airframes and engines is 10% of their cost (31.12.2011: 10% of their cost; 1.1.2011: 10% of their cost).

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of its engines and airframe. This cost, which can equate to a substantial element of the total aircraft cost, is amortised over the shorter of the period to the next checks or the remaining life of the aircraft.

The cost of subsequent major airframe and engine maintenance checks as well as upgrades to leased assets are capitalised and amortised over the shorter of the period to the next check or the remaining life of the aircraft.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(g) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Deposits on aircraft purchase are included as part of the cost of the aircraft and are depreciated from the date that aircraft is ready for its intended use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investments

In the Company's separate financial statements, investments in subsidiaries, jointly controlled entities and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see Note 2(g)).

(g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or as and when events or circumstances occur indicating that an impairment may exist. Property, plant and equipment and other non-current assets, including intangible assets with definite useful lives, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

Any impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(h) Maintenance and overhaul

Owned aircraft

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned aircraft is described in the accounting policy for property, plant and equipment.

Leased aircraft

Where the Group has a commitment to maintain aircraft held under operating leases, provision is made during the lease term for the rectification obligations contained within the lease agreements. The provisions are based on estimated future costs of major airframe, certain engine maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease contracts are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note 2(e) above. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

Assets leased out by the Group under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

(j) Inventories

Inventories comprising spares and consumables used internally for repairs and maintenance are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs to completion and applicable variable selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'amounts due from associates and other related companies balances' and 'deposits, cash and bank balances' in the balance sheets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (continued)

(iii) Subsequent measurement – gains and losses

Available-for-sale financial assets and financial assets through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 2(k)(iv)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in the income statement, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in the income statement. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in the income statement. Dividend income on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

(iv) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

* Significant financial difficulty of the issuer or obligor;
* A breach of contract, such as a default or delinquency in interest or principal payments;
* The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
* It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
* Disappearance of an active market for that financial asset because of financial difficulties; or

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include: (continued)

* Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If 'loans and receivables' have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement. The amount of cumulative loss that is reclassified to the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets (continued)

Assets classified as available-for-sale (continued)

Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

Impairment testing on trade receivables is described in accounting policy Note 2(n).

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the income statements.

(l) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(m) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 22 to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivative financial instruments and hedging activities (continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to the income statements in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement and presented separately after net operating profit.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains/(losses) – net'.

(n) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, bank balances, demand deposits and other short term, highly liquid investments with original maturities of three months or less, less bank overdrafts. Deposits held as pledged securities for term loans granted are not included as cash and cash equivalents.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

(q) Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share issue costs

Incremental external costs directly attributable to the issuance of new shares or options are deducted against share premium account.

(iii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. A dividend declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. The finance costs, which represent the difference between the initial recognised amount and the redemption value is recognised in the financial statements over the period of the borrowings using the effective interest method.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statements.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries, jointly controlled entities or associates.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised for the carry forward of unused tax losses and tax credits (including investment tax allowances) to the extent that it is probable that taxable profits will be available against which the unutilised tax losses and unused tax credits can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group's share of income taxes of jointly controlled entities and associates are included in the Group's share of results of jointly controlled entities and associates.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(t) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the employees of the Group.

(ii) Defined contribution plan

The Group's contributions to the Employees' Provident Fund are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share based payments

MFRS 2 – Share-based Payment requires recognition of share-based payment transactions including the value of share options in the financial statements. There is no impact on the financial statements of the Group following the prospective application of FRS 2 in 2006 as all the share options of the Company were fully vested prior to the effective date of the standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition

Scheduled passenger flight and chartered flight income are recognised upon the rendering of transportation services and where applicable, are stated net of discounts. The value of seats sold for which services have not been rendered is included in current liabilities as sales in advance. Revenue from aircraft rentals is recorded on a straight-line basis over the term of the lease.

Other revenue which includes fuel surcharge, insurance surcharge, administrative fees, excess baggage and baggage handling fees, are recognised upon the completion of services rendered and where applicable, are stated net of discounts. Freight and other related revenue are recognised upon the completion of services rendered and where applicable, are stated net of discounts. Income from the provision of tour operations (both inbound and outbound) and travel agency services is recognised upon services being rendered and where applicable, are stated net of discounts.

Rental income is recognised on an accrual basis.

Brand license fee is recognised on an accrual basis in accordance with the substance of the agreement.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

The Group participates in a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. Award points are recognised as a cost of sale at the time of issue while revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed and the redemption value of each point. Award points expire 36 months after the initial sale.

(v) Foreign currencies

(i) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Foreign currencies (continued)

(ii) Transactions and balances

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

Foreign exchange gains and losses arising from operations are included in arriving at the operating profit. Foreign exchange gains and losses arising from borrowings (after effects of effective hedges) and amounts due from associates and jointly controlled entities are separately disclosed after net operating profit.

(iii) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is disposed of or sold, such exchange differences that were recorded in equity are recognised in the income statements as part of the gain or loss on disposal.

(w) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 'Revenue'.

(y) Segment reporting

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are explained below.

(i) Estimated useful lives and residual values of aircraft frames and engines

The Group reviews annually the estimated useful lives and residual values of aircraft airframes and engines based on factors such as business plans and strategies, expected level of usage, future technological developments and market prices.

Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives and residual values of aircraft airframes and engines as disclosed in Note 2(e), would increase the recorded depreciation charge and decrease the carrying amount of property, plant and equipment.

(ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate. However, even where the actual taxable profits in the future are 5 percent lower than the anticipated taxable profits, the deferred tax assets can still be fully utilised.

4 REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Passenger seat sales	3,255,612	3,056,082	3,255,612	3,056,082
Baggage fees	392,142	362,597	392,142	362,597
Aircraft operating lease income	534,873	495,416	534,873	495,416
Surcharges and fees	378,685	139,313	378,685	139,313
Travel and tour operations	-	45,208	-	-
Other revenue	384,779	396,525	384,779	396,525
	4,946,091	4,495,141	4,946,091	4,449,933

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

5 STAFF COSTS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonus and allowances	521,806	440,458	521,719	438,938
Defined contribution retirement plan	58,488	43,719	58,488	43,588
	580,294	484,177	580,207	482,526

Included in staff costs is Executive Directors' remuneration which is analysed as follows:

	Group and Company	
	2012	2011
	RM'000	RM'000
Executive Directors		
- basic salaries, bonus and allowances	13,104	13,050
- defined contribution plan	1,404	1,566
Non-executive Directors		
- fees	1,706	1,706
	16,214	16,322

5 STAFF COSTS (CONTINUED)

The remuneration payable to the Directors of the Company is analysed as follows:

	Executive		Non-executive	
	2012	2011	2012	2011
Range of remuneration				
RM100,001 to RM150,000	-	-	-	2
RM150,001 to RM200,000	-	-	1	1
RM200,001 to RM250,000	-	-	1	1
RM250,001 to RM300,000	-	-	3	3
RM300,001 to RM350,000	-	-	1	1
RM1,000,001 to RM2,000,000	1	-	-	-
RM2,000,001 to RM3,000,000	-	-	-	-
RM3,000,001 to RM4,000,000	-	-	-	-
RM4,000,001 to RM5,000,000	-	-	-	-
RM5,000,001 to RM6,000,000	1	-	-	-
RM6,000,001 to RM7,000,000	1	1	-	-
RM7,000,001 to RM8,000,000	-	-	-	-
RM8,000,001 to RM9,000,000	-	1	-	-

Set out below are details of outstanding options over the ordinary shares of the Company granted under the ESOS to the Directors:

Grant date	Expiry date	Exercise price RM/share	At 1.1.2012 '000	Exercised '000	Lapsed '000	At 31.12.2012 '000
1 September 2004	6 June 2014	1.08	600	(600)	-	-

Grant date	Expiry date	Exercise price RM/share	At 1.1.2011 '000	Exercised '000	Lapsed '000	At 31.12.2011 '000
1 September 2004	6 June 2014	1.08	1,200	(600)	-	600

	2012 '000	2011 '000
Number of share options vested at balance sheet date	-	600

6 OTHER OPERATING EXPENSES

The following items have been charged/(credited) in arriving at other operating expenses:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Impairment of investment in subsidiary	-	-	-	1,904
Property, plant and equipment				
- Written off	-	1,089	-	-
- Impairment loss	-	16,983	-	16,983
Rental of land and building	6,140	2,810	6,140	2,810
Auditors' remuneration				
- audit fees	700	595	675	566
- non-audit fees	169	245	169	245
Rental of equipment	2,929	3,095	2,929	3,095
Advertising costs	35,408	40,796	35,327	36,324
Amortisation of other investments	-	25	-	25
Impairment loss on goodwill	-	1,404	-	-
Net foreign exchange (gains)/losses from operations				
- Realised	29,440	37,112	29,440	36,895
- Unrealised	49,834	(24,277)	49,834	(24,277)

7 OTHER GAINS/(LOSSES) – NET

	Group and Company	
	2012	2011
	RM'000	RM'000
Interest rate contracts – Held for trading	20,613	(61,422)
Forward foreign exchange contracts – Held for trading	(5,262)	-
Fuel contracts – Held for trading	(4,231)	4,231
Ineffectiveness on cash flow hedges (Note 22)	(85)	1,690
Total	11,035	(55,501)

8 OTHER INCOME

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Gain on disposals of property, plant and equipment	9,328	198,923	9,328	198,923
Others	114,614	93,434	104,182	93,233
	123,942	292,357	113,510	292,156

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

9 FINANCE INCOME/(COSTS)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Finance income:				
- deposits with licensed banks	12,034	949	12,034	949
- short term deposits with fund management companies	3,017	2,927	3,017	2,927
- interest income on amounts due from associates and jointly-controlled entities	51,174	48,467	51,042	48,467
- other interest income	13,166	13,735	13,144	13,713
	79,391	66,078	79,237	66,056
Finance costs:				
Interest expense				
- bank borrowings	(369,418)	(342,268)	(369,418)	(342,268)
- fair value movement recycled from cash flow hedge reserve	-	(25,739)	-	(25,739)
- amortisation of premiums for interest rate caps	(7,895)	(8,247)	(7,895)	(8,247)
- hire-purchase payables	-	(3)	-	(3)
Bank facilities and other charges	(1,495)	(1,637)	(1,472)	(1,608)
	(378,808)	(377,894)	(378,785)	(377,865)

FOREIGN EXCHANGE GAINS/(LOSSES)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Borrowings:				
- realised	(3,590)	(2,520)	(3,590)	(2,520)
- unrealised	255,358	(187,968)	255,326	(187,968)
- fair value movement recycled from cash flow hedge reserve	(106,343)	97,016	(106,343)	97,016
	145,425	(93,472)	145,393	(93,472)

10 TAXATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current taxation	18,587	18,578	18,536	18,578
Over accrual of income tax in prior years	(342)	(45)	(342)	(45)
	18,245	18,533	18,194	18,533
Deferred taxation (Note 18)	154,704	203,160	154,755	203,109
	172,949	221,693	172,949	221,642
Current taxation				
- Current financial year	18,587	18,578	18,536	18,578
- Over accrual of income tax in prior years	(342)	(45)	(342)	(45)
	18,245	18,533	18,194	18,533
Deferred taxation				
- Origination and reversal of temporary differences	241,753	208,908	241,804	208,857
- Tax incentives	(87,049)	(5,748)	(87,049)	(5,748)
	154,704	203,160	154,755	203,109
	172,949	221,693	172,949	221,642

The current taxation charge is in respect of interest income which is assessed separately.

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation	2,004,287	777,017	835,807	775,009
Tax calculated at Malaysian tax rate of 25% (2011: 25%)	501,072	194,254	208,952	193,752
Tax effects of:				
- expenses not deductible for tax purposes	56,656	61,803	54,713	62,254
- income not subject to tax	(297,388)	(28,594)	(3,325)	(28,594)
- temporary differences not recognised within the pioneer period	-	23	-	23
- tax incentives	(87,049)	(5,748)	(87,049)	(5,748)
- over accrual of income tax in prior years	(342)	(45)	(342)	(45)
Taxation	172,949	221,693	172,949	221,642

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012	2011
Net profit for the financial year (RM'000)	1,831,338	555,324
Weighted average number of ordinary shares in issue ('000)	2,779,057	2,776,059
Earnings per share (sen)	65.9	20.0

(b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The Group has dilutive potential ordinary shares arising from the Company's share options granted to employees.

In assessing the dilution in earnings per share arising from the issue of share options, a computation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. This computation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the financial year in the calculation of the diluted earnings per share from the issue of the share options.

The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group	
	2012	2011
Net profit for the financial year (RM'000)	1,831,338	555,324
Weighted average number of ordinary shares in issue ('000)	2,779,057	2,776,059
Adjustment for ESOS ('000)	3,124	5,095
Weighted average number of ordinary shares for diluted earnings per share	2,782,181	2,781,154
Diluted earnings per share (sen)	65.8	20.0

12 PROPERTY, PLANT AND EQUIPMENT

Group	At 1 January 2012 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge RM'000	At 31 December 2012 RM'000
Net book value					
Aircraft engines, airframe and service potential	8,379,790	1,827,282	(124,154)	(519,169)	9,563,749
Aircraft spares	109,404	40,624	(2,559)	(22,262)	125,207
Aircraft fixtures and fittings	15,655	12,948	(1,283)	(8,673)	18,647
Buildings	35,979	-	-	(1,398)	34,581
Motor vehicles	4,477	2,140	-	(1,806)	4,811
Office equipment, furniture and fittings	19,498	7,293	(335)	(6,751)	19,705
Office renovation	6,045	2,799	(790)	(1,836)	6,218
Simulator equipment	1,152	24	-	(38)	1,138
Operating plant and ground equipment	10,894	2,933	(2)	(4,030)	9,795
In flight equipment	1,381	83	(319)	(329)	816
Training equipment	2,176	71	-	(884)	1,363
	8,586,451	1,896,197	(129,442)	(567,176)	9,786,030

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost	Accumulated depreciation	Accumulated impairment loss	Net book value
	RM'000	RM'000	RM'000	RM'000
Group				
At 31 December 2012				
Aircraft engines, airframe and service potential	11,830,322	(2,266,573)	-	9,563,749
Aircraft spares	253,714	(111,524)	(16,983)	125,207
Aircraft fixtures and fittings	83,180	(64,533)	-	18,647
Buildings	41,204	(6,623)	-	34,581
Motor vehicles	20,746	(15,935)	-	4,811
Office equipment, furniture and fittings	62,258	(42,553)	-	19,705
Office renovation	17,348	(11,130)	-	6,218
Simulator equipment	4,967	(3,829)	-	1,138
Operating plant and ground equipment	35,989	(26,194)	-	9,795
In flight equipment	1,732	(916)	-	816
Training equipment	4,419	(3,056)	-	1,363
	12,355,879	(2,552,866)	(16,983)	9,786,030

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 1 January 2011 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Depreciation charge RM'000	Impairment loss RM'000	At 31 December 2011 RM'000
Group							
Net book value							
Aircraft engines, airframe and service potential	9,045,624	1,210,565	(1,354,961)	-	(521,438)	-	8,379,790
Aircraft spares	125,781	22,843	(1,198)	-	(21,039)	(16,983)	109,404
Aircraft fixtures and fittings	22,763	6,031	(2,940)	-	(10,199)	-	15,655
Buildings	37,387	-	-	-	(1,408)	-	35,979
Motor vehicles	6,782	585	-	(605)	(2,285)	-	4,477
Office equipment, furniture and fittings	18,617	7,699	(404)	(270)	(6,144)	-	19,498
Office renovation	2,818	4,705	-	(20)	(1,458)	-	6,045
Simulator equipment	45,684	21,869	(65,038)	-	(1,363)	-	1,152
Operating plant and ground equipment	9,408	5,753	(4)	-	(4,263)	-	10,894
Kitchen equipment	194	-	-	(194)	-	-	-
In flight equipment	1,057	664	(28)	-	(312)	-	1,381
Training equipment	1,926	1,250	-	-	(1,000)	-	2,176
	9,318,041	1,281,964	(1,424,573)	(1,089)	(570,909)	(16,983)	8,586,451

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
Group				
At 31 December 2011				
Aircraft engines, airframe and service potential	10,127,194	(1,747,404)	-	8,379,790
Aircraft spares	216,049	(89,662)	(16,983)	109,404
Aircraft fixtures and fittings	71,524	(55,869)	-	15,655
Buildings	41,204	(5,225)	-	35,979
Motor vehicles	18,599	(14,122)	-	4,477
Office equipment, furniture and fittings	55,602	(36,104)	-	19,498
Office renovation	15,339	(9,294)	-	6,045
Simulator equipment	4,943	(3,791)	-	1,152
Operating plant and ground equipment	33,529	(22,635)	-	10,894
Kitchen equipment	8	(8)	-	-
In flight equipment	1,968	(587)	-	1,381
Training equipment	4,348	(2,172)	-	2,176
	10,590,307	(1,986,873)	(16,983)	8,586,451
At 1 January 2011				
Aircraft engines, airframe and service potential	10,476,156	(1,423,536)	(6,996)	9,045,624
Aircraft spares	195,155	(69,374)	-	125,781
Aircraft fixtures and fittings	71,504	(48,741)	-	22,763
Buildings	41,204	(3,817)	-	37,387
Motor vehicles	18,619	(11,837)	-	6,782
Office equipment, furniture and fittings	49,116	(30,499)	-	18,617
Office renovation	10,655	(7,837)	-	2,818
Simulator equipment	55,988	(10,304)	-	45,684
Operating plant and ground equipment	28,121	(18,713)	-	9,408
Kitchen equipment	202	(8)	-	194
In flight equipment	1,385	(328)	-	1,057
Training equipment	3,098	(1,172)	-	1,926
	10,951,203	(1,626,166)	(6,996)	9,318,041

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	At 1 January 2012 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge RM'000	At 31 December 2012 RM'000
Net book value					
Aircraft engines, airframe and service potential	8,379,790	1,827,282	(124,154)	(519,169)	9,563,749
Aircraft spares	109,404	40,624	(2,559)	(22,262)	125,207
Aircraft fixtures and fittings	15,655	12,948	(1,283)	(8,673)	18,647
Buildings	35,979	-	-	(1,398)	34,581
Motor vehicles	4,477	2,140	-	(1,806)	4,811
Office equipment, furniture and fittings	19,193	7,293	(30)	(6,751)	19,705
Office renovation	6,045	2,799	(790)	(1,836)	6,218
Simulator equipment	1,152	24	-	(38)	1,138
Operating plant and ground equipment	10,894	2,933	(2)	(4,030)	9,795
In flight equipment	1,381	83	(319)	(329)	816
Training equipment	2,176	71	-	(884)	1,363
	8,586,146	1,896,197	(129,137)	(567,176)	9,786,030

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost	Accumulated depreciation	Accumulated impairment loss	Net book value
	RM'000	RM'000	RM'000	RM'000
Company				
At 31 December 2012				
Aircraft engines, airframe and service potential	11,830,322	(2,266,573)	-	9,563,749
Aircraft spares	253,714	(111,524)	(16,983)	125,207
Aircraft fixtures and fittings	83,180	(64,533)	-	18,647
Buildings	41,204	(6,623)	-	34,581
Motor vehicles	20,746	(15,935)	-	4,811
Office equipment, furniture and fittings	62,258	(42,553)	-	19,705
Office renovation	17,348	(11,130)	-	6,218
Simulator equipment	4,967	(3,829)	-	1,138
Operating plant and ground equipment	35,989	(26,194)	-	9,795
In flight equipment	1,732	(916)	-	816
Training equipment	4,419	(3,056)	-	1,363
	12,355,879	(2,552,866)	(16,983)	9,786,030

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2012 (CONTINUED)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	At 1 January 2011 RM'000	Additions RM'000	Disposals RM'000	Impairment loss RM'000	Depreciation charge RM'000	At 31 December 2011 RM'000
Net book value						
Aircraft engines, airframe and service potential	9,045,624	1,210,565	(1,354,961)	-	(521,438)	8,379,790
Aircraft spares	125,781	22,843	(1,198)	(16,983)	(21,039)	109,404
Aircraft fixtures and fittings	22,763	6,031	(2,940)	-	(10,199)	15,655
Buildings	37,387	-	-	-	(1,408)	35,979
Motor vehicles	6,177	585	-	-	(2,285)	4,477
Office equipment, furniture and fittings	17,987	7,600	(404)	-	(5,990)	19,193
Office renovation	2,798	4,705	-	-	(1,458)	6,045
Simulator equipment	45,684	21,869	(65,038)	-	(1,363)	1,152
Operating plant and ground equipment	9,408	5,753	(4)	-	(4,263)	10,894
In flight equipment	1,057	664	(28)	-	(312)	1,381
Training equipment	1,926	1,250	-	-	(1,000)	2,176
	9,316,592	1,281,865	(1,424,573)	(16,983)	(570,755)	8,586,146

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost	Accumulated depreciation	Accumulated impairment loss	Net book value
	RM'000	RM'000	RM'000	RM'000
Company				
At 31 December 2011				
Aircraft engines, airframe and service potential	10,127,194	(1,747,404)	-	8,379,790
Aircraft spares	216,049	(89,662)	(16,983)	109,404
Aircraft fixtures and fittings	71,524	(55,869)	-	15,655
Buildings	41,204	(5,225)	-	35,979
Motor vehicles	18,606	(14,129)	-	4,477
Office equipment, furniture and fittings	55,119	(35,926)	-	19,193
Office renovation	15,339	(9,294)	-	6,045
Simulator equipment	4,943	(3,791)	-	1,152
Operating plant and ground equipment	33,529	(22,635)	-	10,894
In flight equipment	1,968	(587)	-	1,381
Training equipment	4,348	(2,172)	-	2,176
	10,589,823	(1,986,694)	(16,983)	8,586,146

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
Company				
At 1 January 2011				
Aircraft engines, airframe and service potential	10,476,156	(1,423,536)	(6,996)	9,045,624
Aircraft spares	195,155	(69,374)	-	125,781
Aircraft fixtures and fittings	71,504	(48,741)	-	22,763
Buildings	41,204	(3,817)	-	37,387
Motor vehicles	18,021	(11,844)	-	6,177
Office equipment, furniture and fittings	48,462	(30,475)	-	17,987
Office renovation	10,634	(7,836)	-	2,798
Simulator equipment	55,988	(10,304)	-	45,684
Operating plant and ground equipment	28,121	(18,713)	-	9,408
In flight equipment	1,385	(328)	-	1,057
Training equipment	3,098	(1,172)	-	1,926
	10,949,728	(1,626,140)	(6,996)	9,316,592

Included in property, plant and equipment of the Group and the Company are assets with the following net book values:

	Group and Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Net book value of owned aircraft sub-leased out	3,494,822	3,068,452	3,445,485
Aircraft pledged as security for borrowings (Note 29)	9,561,999	8,363,292	9,030,028
Simulator pledged as security for borrowings (Note 29)	-	-	41,371
Motor vehicles on hire-purchase	-	-	16

The beneficial ownership and operational control of aircraft pledged as security for borrowings rests with the Company when the aircraft is delivered to the Company.

Where the legal title to the aircraft is held by financiers during delivery, the legal title will be transferred to the Company only upon settlement of the respective facilities.

13 INVESTMENT IN SUBSIDIARIES

			Company
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Unquoted investments, at cost	27,316	27,316	27,316
Less: Accumulated impairment losses	(3,836)	(3,836)	(1,932)
	23,480	23,480	25,384

		Company
	2012	2011
	RM'000	RM'000
At 1 January	23,480	25,384
Additional investment in a subsidiary	-	-
	23,480	25,384
Less: Impairment loss in investment in a subsidiary	-	(1,904)
At 31 December	23,480	23,480

The details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective equity interest 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal activities
Directly held by the Company					
Crunchtime Culinary Services Sdn Bhd **	Malaysia	-	100.0	100.0	Provision of in flight meals, previously dormant
AirAsia Investment Ltd ("AAIL")	Malaysia	100.0	100.0	100.0	Investment holding
AirAsia Go Holiday Sdn Bhd ("AGH")	Malaysia	100.0	100.0	100.0	Tour operating business
AirAsia (Mauritius) Limited*	Mauritius	100.0	100.0	100.0	Providing aircraft leasing facilities to Thai AirAsia Co. Ltd
Airspace Communications Sdn Bhd **	Malaysia	-	100.0	100.0	Media owner with publishing division, previously dormant
AirAsia (B) Sdn Bhd **	Negara Brunei Darussalam	-	100.0	100.0	Providing air transportation services, previously dormant

13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective equity interest			Principal activities
		31.12.2012	31.12.2011	1.1.2011	
		%	%	%	
Directly held by the Company					
AirAsia Corporate Services Limited *	Malaysia	100.0	100.0	100.0	Facilitate business transactions for AirAsia Group with non-resident goods and service providers
Aras Sejagat Sdn Bhd	Malaysia	100.0	100.0	100.0	Special purpose vehicle for financing arrangements required by AirAsia
Koolred Sdn Bhd ("Koolred")	Malaysia	100.0	100.0	100.0	Investment holding
Asia Air Limited *	United Kingdom	100.0	100.0	100.0	To provide and promote AirAsia's in flight food to the European market, currently dormant
Held by AGH					
AirAsia Exp Pte. Ltd ("AAE") *	Singapore	100.0	100.0	-	Investment holding
Held by AAIL					
AirAsia (Hong Kong) Limited **	Hong Kong	-	100.0	100.0	Dormant
AirAsia Capital Ltd *	Malaysia	100.0	100.0	100.0	Dormant

* Not audited by PricewaterhouseCoopers, Malaysia
** Approved for strike off from Companies Commission of Malaysia / Brunei Darussalam Government Gazette / Companies Registry of Hong Kong

14 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Represented by:						
Unquoted investments, at cost	123,728	123,728	12,054	81,559	81,559	-
Share of post-acquisition reserves	9,081	(74)	(12,054)	-	-	-
Effects of change in classification from jointly controlled entity to associates	(12,054)	-	-	-	-	-
	120,755	123,654	-	81,559	81,559	-

The details of the jointly controlled entity are as follows:

Name	Country of incorporation	Group's effective equity interest			Principal activities
		31.12.2012	31.12.2011	1.1.2011	
		%	%	%	
Think Big Digital Sdn Bhd ("BIG")	Malaysia	50.0	50.0	-	Financial services
Asian Aviation Centre of Excellence Sdn Bhd	Malaysia	50.0	50.0	-	Aviation training
Held by AAIL					
Thai AirAsia Co. Ltd ("TAA")	Thailand services	45.0*	48.9	48.9	Commercial air transport
Held by AAE					
AAE Travel Pte Ltd ("AAE Travel")	Singapore	50.0	50.0	-	Online travel agency
Held by AAE Travel					
AAEXP Malaysia Sdn Bhd	Malaysia	50.0	-	-	Online travel agency

*Reclassified as investment in associate (Note 15)

14 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

At the end of the previous financial year, the unrecognised amount of the Group's share of losses of TAA which has not been equity accounted for amounted to RM28.5 million (1.1.2011: RM127.8 million).

Subsequent to the intial public offering of Asia Aviation Plc, the major shareholder of TAA, the Group's effective interest in TAA reduced from 48.9% to 45%. As a consequence of the reduction in shareholding, TAA ceased to be a jointly controlled entity of the Group and became an associate of the Group. Accordingly, in the current financial year, the Group reclassified its investment in TAA from investment in jointly controlled entities to investment in associates as disclosed in Note 15 to the financial statements.

In accordance with the provisions of MFRS131, Interests in Joint Ventures, this has resulted in a RM120.1 million gain on the disposal of the 4% equity interest and a fair value gain on the remaining 45% equity interest in TAA of RM1,040.3 million. The total gain is presented in the income statement as a 'Fair value and gain on disposal of interest in Thai AirAsia Co. Ltd.'

The Group's share of the results of the jointly controlled entities, which has been equity accounted for, is as follows:

	2012 RM'000	2011 RM'000
Revenue	158,591	61,334
Net (loss)/profit for the financial year	(2,899)	11,980

The Group's share of assets and liabilities of the jointly controlled entities is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current assets	117,864	97,546	-
Current assets	53,018	51,137	-
Current liabilities	(50,127)	(25,029)	-
Share of net assets of the jointly controlled entities	120,755	123,654	-

The Group discontinued recognition of its share of profits made by BIG as the Group's interest in the joint venture has been reduced to zero and the Group has not incurred any obligations or guaranteed any obligations in respect of the joint venture. As at 31 December 2012, the unrecognised amounts of the Group's share of losses of BIG which have not been equity accounted for amounted to RM9.8 million (31.12.2011: RM4.4 million; 1.1.2011: RM Nil).

15 INVESTMENTS IN ASSOCIATES

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted investments, at cost	1,213,010	48,843	4,141	29	29	29
Group's share of post-acquisition losses	(8,435)	(9,764)	(4,112)	-	-	-
	1,204,575	39,079	29	29	29	29

The details of the associates are as follows:

Name	Country of incorporation	Group's effective equity interest 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal activities
AirAsia Philippines Inc	Philippines	39.9	39.9	39.9	Providing air transportation services, currently dormant
Asian Contact Centres Sdn. Bhd.	Malaysia	50.0	50.0	50.0	Providing end-to-end solutions for customers contact management and contact centre
Held by AAIL					
PT Indonesia AirAsia ("IAA")	Indonesia	48.9	48.9	48.9	Commercial air transport services
Thai AirAsia Co. Ltd ("TAA")	Thailand	45.0	48.9**	48.9**	Commercial air transport services
AirAsia Go Holiday Co. Ltd	Thailand	49.0	49.0	49.0	Tour operating business, currently dormant
AirAsia Inc ("PAA")	Philippines	40.0	40.0	40.0	Commercial air transport services
AirAsia Japan Co., Ltd ("JAA")	Japan	49.0	49.0	-	Commercial air transport services
AirAsia Pte Ltd *	Singapore	-	48.9	48.9	Dormant

15 INVESTMENT IN ASSOCIATES (CONTINUED)

The details of the associates are as follows: (continued)

Name	Country of incorporation	Group's effective equity interest			Principal activities
		31.12.2012	31.12.2011	1.1.2011	
		%	%	%	
Held by Koolred					
Flight Focus Pte Ltd	Singapore	19.4 ***	20.0	-	Aeronautical services
Merlot Aero Limited	New Zealand	17.5 ***	12.5	-	Aeronautical services

* Approved for strike off
** Classified as investment in jointly controlled entity (Note 14)
*** Reclassified from investments in associates to available-for-sale financial assets as disclosed in Note 16 to the financial statements

The Group's share of the results of associates, which has been equity accounted for, is as follows:

	2012 RM'000	2011 RM'000
Revenue	918,649	271
Net profit/(loss) for the financial year	1,329	(5,652)

The Group's share of assets and liabilities of the associates is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current assets	1,191,149	17,488	-
Current assets	321,710	29,860	29
Current liabilities	(223,088)	(8,201)	-
Non-current liabilities	(85,196)	(68)	-
Share of net assets of associates	1,204,575	39,079	29

The Group discontinued recognition of its share of profits made by IAA as the Group's interest in this associate has been reduced to zero and the Group has not incurred any obligations or guaranteed any obligations in respect of the associate. As at 31 December 2012, the unrecognised amounts of the Group's share of losses of IAA which have not been equity accounted for amounted to RM163.2 million (31.12.2011: RM186.0; 1.1.2011: RM196.6 million).

The Group discontinued recognition of its share of profits made by PAA as the Group's interest in this associate has been reduced to zero and the Group has not incurred any obligations or guaranteed any obligations in respect of the associate. As at 31 December 2012, the unrecognised amounts of the Group's share of losses of PAA which have not been equity accounted for amounted to RM26.6 million (31.12.2011: RM Nil; 1.1.2011: RM Nil).