



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2016

ANNOUNCEMENT

The Board of Directors of AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as “the Group”) for the fourth quarter ended 31 December 2016.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Year ended	Year ended
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
		RM'000	RM'000	RM'000	RM'000
Revenue	10	1,936,769	2,167,768	6,923,882	6,297,658
Operating expenses:					
- Staff costs		(314,032)	(215,727)	(988,880)	(759,420)
- Depreciation of property, plant and equipment		(192,431)	(183,847)	(744,928)	(703,245)
- Aircraft fuel expenses		(420,484)	(526,601)	(1,578,473)	(2,000,650)
- Maintenance and overhaul		(72,369)	(64,682)	(291,278)	(196,883)
- User charges and other related expenses		(245,473)	(206,010)	(801,656)	(685,013)
- Aircraft operating lease expenses		(135,519)	(117,713)	(479,485)	(330,790)
- Other operating expenses		(109,570)	(89,574)	(339,662)	(283,759)
Other income	11	143,549	65,557	352,703	257,975
Operating profit		590,440	829,171	2,052,223	1,595,873
Finance income	27	80,940	34,550	134,923	154,148
Finance costs	27	(126,792)	(139,194)	(518,964)	(724,035)
Net operating profit		544,588	724,527	1,668,182	1,025,986
Foreign exchange gain/(loss)	27	54,120	(64,708)	481,687	(331,338)
Gain on disposal of interest in a joint venture		-	-	-	320,500
Impairment of investment in associate		(163,750)	-	(163,750)	-
Share of results of jointly controlled entities	23	6,108	4,013	24,285	25,492
Share of results of associates	23	(91,870)	(229,319)	156,792	(825,490)
Profit before tax		349,196	434,513	2,167,196	215,150
Current taxation	28	2,705	(4,968)	(6,392)	(35,852)
Deferred taxation	28	112,828	124,653	(127,644)	361,982
Net profit after tax		464,729	554,198	2,033,160	541,280
Attributable to:					
- Owners of the company		465,319	554,112	2,036,261	541,194
- Non-controlling interests		(590)	86	(3,101)	86
		464,729	554,198	2,033,160	541,280

Basic earnings per share (sen) 16.7 19.9 73.2 19.4

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Year ended	Year ended
		31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Net profit for the financial period/year		464,729	554,198	2,033,160	541,280
Other comprehensive income/(loss)					
Available-for-sale financial assets		(39,696)	(9,586)	116,070	(203,504)
Cash flow hedges	12	194,524	83,598	97,974	(367,094)
Foreign currency translation differences		29,896	(899)	28,045	10,130
Total comprehensive income/(loss) for the period		649,453	627,311	2,275,249	(19,188)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		650,043	627,225	2,278,350	(19,274)
Non-controlling interests		(590)	86	(3,101)	86
		649,453	627,311	2,275,249	(19,188)



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	YEAR ENDED	YEAR ENDED
	31/12/2016 RM'000	31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,167,196	215,150
Adjustments:		
Property, plant and equipment		
- Depreciation	746,589	703,245
- Gain on disposal	(93,421)	(19,654)
Amortisation of intangible assets	-	24
Impairment of trade and other receivables	-	17,523
Impairment of property, plant and equipment	11,659	13,281
Impairment of investment in associate	163,750	-
Write-off of amount due from related party	-	5,247
Fair value gain on derivative financial instruments	(149,547)	(937,678)
Share of results of joint ventures	(24,285)	(25,492)
Share of results of associates	(156,792)	825,490
Gain on disposal of interest in a joint venture	-	(320,500)
Net unrealised foreign exchange (gain)/loss	141,099	1,268,394
Dividend income from:		
- available-for-sale financial assets	(5,130)	(4,145)
- an associate	(70,852)	(48,064)
Interest expense	518,964	724,035
Interest income	(134,923)	(154,148)
	3,114,306	2,262,708
Changes in working capital		
Inventories	(17,714)	(8,000)
Receivables and prepayments	(637,123)	(114,875)
Trade and other payables	(259,531)	782,652
Intercompany balances	(486,728)	(177,536)
Cash generated from operations	1,713,210	2,744,949
Interest paid	(466,419)	(658,177)
Interest received	124,706	148,280
Tax paid	(17,960)	(31,114)
Net cash generated from operating activities	1,353,537	2,203,938
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(619,891)	(613,913)
- Proceeds from disposal	839,368	227,881
Subscription of shares in associates	(143,218)	(78,695)
Investment in available for sale financial assets	-	(53,811)
Proceeds from disposal of interest in a joint venture	-	347,044
Repayment of advances by an associate	99,583	71,423
Acquisition of subsidiaries	(101,500)	(30,810)
Additional subscription of shares in subsidiaries	-	(24,144)
Dividend received	75,983	52,209
Net cash generated from investing activities	150,325	(102,816)
CASH FLOWS FROM FINANCING FACILITIES		
Dividend paid	(111,315)	(83,489)
Buy-back of shares	(160)	-
Proceeds from borrowings	832,208	1,458,223
Repayment of borrowings	(3,038,968)	(2,677,406)
Net cash used in financing activities	(2,318,235)	(1,302,672)
NET (DECREASE)/INCREASE FOR THE FINANCIAL YEAR	(814,373)	798,450
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,426,696	1,337,849
CURRENCY TRANSLATION DIFFERENCES	129,250	290,397
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR*	1,741,573	2,426,696

* Included within the balance at end of the financial period is an amount RM4.8 million restricted cash pledged as securities for banking facilities



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT	AS AT
		31/12/2016 RM'000	31/12/2015 RM'000
	Note		
NON CURRENT ASSETS			
Property, plant and equipment	15	10,792,597	10,927,645
Investment in associates	23	2,232,674	1,020,640
Investment in a jointly controlled entity	23	188,310	164,024
Other investments		356,605	235,097
Intangible assets		121,827	19,184
Deferred tax assets		701,308	828,950
Receivables and prepayments	31	1,708,936	1,412,242
Deposits on aircraft purchase		112,133	334,487
Amounts due from associates	32	391,209	1,142,119
Derivative financial instruments	33	867,949	945,490
		17,473,548	17,029,878
CURRENT ASSETS			
Inventories		43,866	26,152
Receivables and prepayments	31	837,744	617,422
Deposits on aircraft purchase		658,115	348,820
Amounts due from joint ventures		8,952	5,708
Amounts due from associates	32	425,254	394,970
Amounts due from related parties		27,969	43,851
Deposits, bank and cash balances		1,741,573	2,426,696
Derivative financial instruments	33	665,668	419,112
Tax recoverable		19,466	3,648
		4,428,607	4,286,379
CURRENT LIABILITIES			
Trade and other payables	34	1,965,141	1,634,057
Sales in advance		607,735	664,251
Derivative financial instruments	33	448,873	582,491
Amounts due to an associates		3,978	-
Amounts due to a related parties		29,999	13,661
Borrowings	35	1,945,203	2,377,256
		5,000,929	5,271,716
NET CURRENT LIABILITIES		(572,322)	(985,337)
NON CURRENT LIABILITIES			
Trade and other payables	34	1,426,185	1,043,994
Amounts due to an associates		79,055	76,216
Borrowings	35	8,633,939	10,235,579
Derivative financial instruments	33	148,052	237,898
		10,287,231	11,593,687
		6,613,995	4,450,854
CAPITAL AND RESERVES			
Share capital	7	278,297	278,297
Share Premium		1,230,941	1,230,941
Treasury shares		(160)	-
Foreign exchange reserve		46,993	18,948
Retained earnings		5,280,685	3,355,740
Other Reserves		(217,554)	(431,598)
		6,619,202	4,452,328
Non-controlling interests		(5,207)	(1,474)
Total equity		6,613,995	4,450,854
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.38	1.60

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Issued and fully paid ordinary shares of RM0.10 each		Share premium RM'000	Foreign exchange reserve RM'000	Cash flow hedge reserve RM'000	Available-for-sale reserve RM'000	Treasury Shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Number of shares '000	Nominal value RM'000										
At 1 January 2016	2,782,974	278,297	1,230,941	18,948	(539,968)	108,370	-	3,355,740	(1,474)	4,452,328	4,450,854
Net profit for the year	-	-	-	-	-	-	-	2,036,261	(3,101)	2,036,261	2,033,160
Other comprehensive income	-	-	-	28,045	97,974	116,070	-	-	-	242,089	242,089
Buy-back of own shares	-	-	-	-	-	-	(160)	-	-	(160)	(160)
Transactions with owners: Dividends	-	-	-	-	-	-	-	(111,316)	-	(111,316)	(111,316)
Non-controlling interest arising from business combination	-	-	-	-	-	-	-	-	(631)	-	(631)
At 31 December 2016	2,782,974	278,297	1,230,941	46,993	(441,994)	224,440	(160)	5,280,685	(5,207)	6,619,202	6,613,995
At 1 January 2015	2,782,974	278,297	1,230,941	8,818	(172,874)	311,874	-	2,898,035	-	4,555,091	4,555,091
Net profit for the financial year	-	-	-	-	-	-	-	541,194	86	541,194	541,280
Other comprehensive income/(loss)	-	-	-	10,130	(367,094)	(203,504)	-	-	-	(560,468)	(560,468)
Transactions with owners: Dividends	-	-	-	-	-	-	-	(83,489)	-	(83,489)	(83,489)
Non-controlling interest arising from business combination	-	-	-	-	-	-	-	-	(1,560)	-	(1,560)
At 31 December 2015	2,782,974	278,297	1,230,941	18,948	(539,968)	108,370	-	3,355,740	(1,474)	4,452,328	4,450,854

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



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KEY OPERATING STATISTICS – 31 DECEMBER 2016

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

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015	Change y-o-y
Passengers Carried	6,762,823	6,467,882	5%
Capacity	7,740,030	7,623,586	2%
Seat Load Factor	87%	85%	2 ppt
RPK (million)	8,852	8,193	8%
ASK (million)	10,275	9,724	6%
Average Fare (RM)	186	177	5%
Ancillary Income Per Pax (RM)	47	49	-4%
Unit Passenger Revenue (RM)	233	226	3%
Revenue / ASK (sen)	15.71	14.81	6%
Revenue / ASK (US cents)	3.58	3.38	6%
Cost / ASK (sen)	11.70	12.65	-8%
Cost / ASK (US cents)	2.67	2.88	-8%
Cost / ASK-ex Fuel (sen)	7.60	7.12	7%
Cost / ASK-ex Fuel (US cents)	1.73	1.62	7%
Aircraft (end of period)	77	80	-4%
Average Stage Length (km)	1,310	1,276	3%
Number of Flights	42,420	42,246	0%
Fuel Consumed (Barrels)	1,627,257	1,634,375	0%
Average Fuel Price (US\$ / Barrel)	59	73	-20%

Exchange Rate: RM:USD – 4.3855 - prior year US cent figures are restated at the current period average exchange rate

Definition and calculation methodology

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



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KEY OPERATING STATISTICS – 31 DECEMBER 2016

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

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015	Change y-o-y
Passengers Carried	26,410,922	24,254,506	9%
Capacity	30,282,671	30,079,666	1%
Seat Load Factor	87%	81%	6 ppt
RPK (million)	34,676	30,006	16%
ASK (million)	40,086	37,408	7%
Average Fare (RM)	167	157	6%
Ancillary Income Per Pax (RM)	48	47	2%
Unit Passenger Revenue (RM)	215	204	5%
Revenue / ASK (sen)	14.39	14.20	1%
Revenue / ASK (US cents)	3.47	3.43	1%
Cost / ASK (sen)	11.08	12.21	-9%
Cost / ASK (US cents)	2.68	2.95	-9%
Cost / ASK-ex Fuel (sen)	7.15	6.86	4%
Cost / ASK-ex Fuel (US cents)	1.73	1.66	4%
Aircraft (end of period)	77	80	-4%
Average Stage Length (km)	1,316	1,247	6%
Number of Flights	166,983	167,002	0%
Fuel Consumed (Barrels)	6,491,270	6,267,403	4%
Average Fuel Price (US\$ / Barrel)	59	77	-24%

Exchange Rate: RM:USD – 4.1413 - prior year US cent figures are restated at the current period average exchange rate



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NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2016

1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2015.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2016 or later are provided in part B general information and summary of significant accounting policies in the audited financial statements of the Group for the financial year ended 31 December 2015. The adoption of the standards applicable to the Group that came into effect on 1 January 2016 did not have any significant impact on the Group upon initial application. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards.

3. Auditors’ report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group’s statutory financial statements for the financial year ended 31 December 2015 in their report dated 31 March 2016.

4. Seasonality of operations

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The load factor was 87% in the quarter under review, which was 2 percentage points higher than the same period last year. Compared against the immediate preceding quarter (third quarter July – September 2016), the load factor has decreased 2 percentage points. This seasonal pattern is in line with the expectation of the Group.



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

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

6. Changes in estimates

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

7. Capital and reserves

During quarter ended 31 December 2016, the total issued and paid-up share capital of the Company remained unchanged at RM278,297,408. There was no cancellation, repurchases, resale and repayment of debt and equity securities for the year ended 31 December 2016.

8. Dividend paid

The first and final single-tier dividend of 4.0 sen per share on 2,782,974,080 ordinary shares of RM0.10 for the financial year ended 31 December 2015, amounting to RM111,314,963.20 was paid on 29 June 2016 to shareholders whose name appeared in the Record of Depositors at the close of business on 30 May 2016.

9. Segment reporting

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker, which is the Group's Chief Executive Officer ("GCEO") effective 1 July 2015. The GCEO considers the business from a geographical perspective. The operating segments have been identified by each Air Operator Certificate ("AOC") held under the AirAsia brand, and are categorised as Malaysia, Thailand, Indonesia, Philippines, India and Japan.

The GCEO assesses the performance of the operating segments based on revenue and net operating profit.

Segment analysis by product categories has not been prepared as the Group is primarily engaged in the provision of air transportation services. Reconciliation to the reportable segments relates to the elimination of the associate companies.



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9. Segment reporting (continued)

The segment information provided to the Group CEO for the reportable segments for the quarter ended 31 December 2016 are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination Adjustments RM'000	Total RM'000
Segment results								
Revenue	1,936,769	933,122	318,813	276,280	174,412	-	(401,048)	3,238,348
Operating expenses								
- Staff costs	(314,032)	(152,818)	(50,148)	(44,595)	(30,460)	(17,567)	-	(609,619)
- Depreciation of property, plant and equipment	(192,431)	(38,085)	(7,359)	(5,207)	(985)	634	-	(243,432)
- Aircraft fuel expenses	(420,484)	(261,671)	(83,832)	(82,922)	(69,128)	(1,622)	-	(919,659)
- Maintenance and overhaul	(72,369)	(85,754)	(48,104)	(56,850)	(18,926)	(1,775)	126,489	(157,290)
- User charges and other related expenses	(245,473)	(161,704)	(63,949)	(30,263)	(24,669)	(4,504)	-	(530,562)
- Aircraft operating lease expenses	(135,519)	(151,463)	(47,165)	(40,563)	(29,689)	(8,264)	271,798	(140,865)
- Other operating expenses	(109,570)	(60,110)	(22,175)	(30,675)	(10,885)	(5,622)	18,500	(220,538)
Other income	143,549	6,857	33,642	(36,442)	3,706	59	(15,739)	135,633
Operating profit/(loss)	590,440	28,375	29,723	(51,236)	(6,625)	(38,661)	0	552,016
Finance income	80,940	3,693	399	14	919	0	-	85,964
Finance costs	(126,792)	(16,473)	(11,257)	(4,886)	(111)	(16)	-	(159,535)
Net operating profit/(loss)	544,588	15,594	18,866	(56,108)	(5,817)	(38,677)	0	478,446
Foreign exchange (losses)/gains	54,120	(17,857)	(95,285)	(68,981)	(4,063)	(4,117)	-	(136,184)
Impairment of investment in associate	(163,750)	-	-	-	-	-	-	(163,750)
Share of results of joint ventures	6,108	-	-	-	-	-	-	6,108
Share of results of associates	(91,870)	-	-	-	-	-	103,985	12,115
Profit/(loss) before taxation	349,196	(2,263)	(76,420)	(125,089)	(9,881)	(42,794)	103,985	196,735



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9. Segment reporting (continued)

The segment information provided to the Group CEO for the reportable segments as at 31 December 2016 are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination Adjustments RM'000	Total RM'000
Segment Assets								
Property, plant and equipment	10,792,597	2,548,096	488,739	56,631	24,763	26,613	-	13,937,439
Deposits, cash and bank balances	1,741,573	829,759	94,413	30,182	229,838	51,007	-	2,976,772
Investment in joint ventures and associates	2,420,984	-	-	-	-	-	(2,145,033)	275,951
Other assets	6,947,001	718,848	693,672	165,249	114,909	13,961	(884,860)	7,768,781
	21,902,155	4,096,704	1,276,824	252,061	369,510	91,581	(3,029,893)	24,958,942
Segment Liabilities								
Borrowings	(10,579,142)	(1,779,824)	(438,837)	(288,208)	-	-	438,837	(12,647,173)
Others	(4,709,018)	(1,154,474)	(636,370)	(1,819,636)	(380,233)	(46,937)	1,773,308	(6,973,360)
	(15,288,160)	(2,934,298)	(1,075,207)	(2,107,844)	(380,233)	(46,937)	2,212,145	(19,620,534)



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9. Segment reporting (continued)

The segment information provided to the Group CEO for the reportable segments for the quarter ended 31 December 2015 are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination Adjustments RM'000	Total RM'000
Revenue	2,167,768	917,833	339,524	208,600	134,658	-	(392,267)	3,376,115
Operating expenses								
- Staff costs	(215,727)	(128,367)	(55,696)	(36,448)	(22,414)	(14,100)		(472,751)
- Depreciation of property, plant and equipment	(183,847)	(34,407)	(7,452)	(9,580)	(722)	(356)		(236,364)
- Aircraft fuel expenses	(526,601)	(297,677)	(94,032)	(82,771)	(47,578)	(1,096)		(1,049,756)
- Maintenance and overhaul	(64,682)	(77,557)	(44,081)	(19,313)	(11,887)	(831)	115,856	(102,495)
- User charges and other related expenses	(206,010)	(140,071)	(58,490)	(31,952)	(18,996)	(566)		(456,085)
- Aircraft operating lease expenses	(117,713)	(136,704)	(53,978)	(50,429)	(23,312)	(4,428)	276,410	(110,154)
- Other operating expenses	(89,574)	(65,960)	1,501	(19,790)	(28,971)	(3,978)	9,679	(197,093)
Other income	65,557	32,858	21,755	31,586	2,596	-	(9,679)	144,673
Operating profit/(loss)	829,171	69,947	49,050	(10,097)	(16,627)	(25,355)	-	896,090
Finance income	34,550	4,580	128	32	405	0		39,695
Finance costs	(139,194)	(14,649)	18,462	(4,538)	(89)	(14)		(140,022)
Net operating profit/(loss)	724,527	59,878	67,640	(14,603)	(16,311)	(25,368)	-	795,763
Foreign exchange (losses)/gains	(64,708)	8,080	(341,426)	3,762	188	(115)		(394,218)
Share of results of joint ventures	4,013	-	-	-	-	-		4,013
Share of results of associates	(229,319)	-	-	-	-	-	233,239	3,920
Profit/(loss) before taxation	434,513	67,958	(273,786)	(10,841)	(16,123)	(25,483)	233,239	409,478



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9. Segment reporting (continued)

The segment information provided to the Group CEO for the reportable segments as at 31 December 2015 are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination Adjustments RM'000	Total RM'000
Segment Assets								
Property, plant and equipment	10,927,645	2,160,469	449,194	226,110	23,143	11,301	-	13,797,862
Deposits, cash and bank balances	2,426,696	900,355	32,576	13,777	34,900	21,349	-	3,429,653
Investment in joint ventures and associates	1,184,664	-	-	-	-	-	(839,984)	344,680
Other assets	6,777,252	394,908	1,023,025	1,316,991	48,089	27,573	(1,449,608)	8,138,230
	21,316,257	3,455,732	1,504,795	1,556,878	106,132	60,223	(2,289,592)	25,710,425
Segment Liabilities								
Borrowings	(12,612,835)	(1,672,237)	(494,425)	(379,597)	-	-	492,682	(14,666,412)
Others	(4,252,568)	(918,939)	(1,421,580)	(2,776,956)	(170,025)	(9,378)	956,926	(8,592,520)
	(16,865,403)	(2,591,176)	(1,916,005)	(3,156,553)	(170,025)	(9,378)	1,449,608	(23,258,932)



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9. Segment reporting (continued)

a) Reconciliation of segment revenue to reported revenue:

	Quarter ended 31/12/2016 RM million	Quarter ended 31/12/2015 RM million
Segment revenue	3,238.3	3,376.1
Add: Inter-segment revenue	401.0	392.3
Less: Revenue from associated companies which were not consolidated	(1,702.5)	(1,600.6)
	<u>1,936.8</u>	<u>2,167.8</u>

b) Reconciliation of segment profit before taxation to reported profit before taxation:

	Quarter ended 31/12/2016 RM million	Quarter ended 31/12/2015 RM million
Segment profit before taxation	196.7	409.5
Add: Expenses from affiliates which were not consolidated	152.5	25.0
	<u>349.2</u>	<u>434.5</u>

c) Reconciliation of segment assets to reported total assets:

	Year ended 31/12/2016 RM million	Year ended 31/12/2015 RM million
Segment assets	24,958.9	25,710.4
Less: Assets of affiliates which were not consolidated	(3,056.7)	(4,394.1)
	<u>21,902.2</u>	<u>21,316.3</u>



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9. Segment reporting (continued)

d) Reconciliation of segment liabilities to reported total liabilities:

	Year ended 31/12/2016 RM million	Year ended 31/12/2015 RM million
Segment liabilities	19,620.5	23,258.9
Less: Liabilities of affiliates which were not consolidated	(4,332.3)	(6,393.5)
	<u>15,288.2</u>	<u>16,865.4</u>

10. Revenue

	Quarter ended 31/12/2016 RM million	Quarter ended 31/12/2015 RM million
Passenger seat sales	1,248.3	1,132.9
Baggage fees	144.2	135.4
Aircraft operating lease income	381.2	727.9
Other revenue	163.1	171.6
	<u>1,936.8</u>	<u>2,167.8</u>

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

11. Other Income

	Quarter ended 31/12/2016 RM million	Quarter ended 31/12/2015 RM million
Gain/(loss) on disposal of property, plant and equipment	22.4	(2.9)
Others	121.1	68.5
	<u>143.5</u>	<u>65.6</u>

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



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12. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in mark-to-market position on effective hedging contracts at 31 December 2016 as compared to 30 September 2016 as follows:

	Quarter ended 31/12/2016 RM million	Quarter ended 30/9/2016 RM million
Fair value gain in the period	(39.7)	28.9
Amount transferred to income statement	194.5	(9.0)
	<u>154.8</u>	<u>19.9</u>

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

13. Status of corporate proposals announced

AirAsia Berhad obtained approval from its shareholders at the Extraordinary General Meeting held on 9 May 2016 for the issuance and allotment of 559,000,000 new ordinary shares of RM0.10 each in AirAsia Berhad to Tune Live Sdn. Bhd. at an issue price of RM1.84 per share subject to adjustments in accordance with the subscription agreement. With reference to the announcement made on 26 January 2017, the Shares Issuance has been completed following the listing of and quotation for the Subscription Shares on the Main Market of Bursa Securities.



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14. Disclosure of Realised and Unrealised Profits

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

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	7,025,442	5,771,224
Unrealised	(1,209,304)	(1,698,954)
	<u>5,816,138</u>	<u>4,072,270</u>
Total share of accumulated losses from associates		
Realised	(665,176)	(821,968)
Total share of accumulated gains from joint ventures		
Realised	129,723	105,438
Total group retained profit as per consolidated accounts	<u>5,280,685</u>	<u>3,355,740</u>

15. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 31 December 2016, the Group acquired property, plant and equipment with a cost of RM116.8 million (quarter ended 31 December 2015: RM8.8 million).

During the quarter ended 31 December 2016, proceeds from disposal of property, plant and equipment totaled RM137.3 million (quarter ended 31 December 2015 RM1.8 million).

(b) revaluation

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

(c) impairment

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



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16. Post balance sheet events

There were no material events after the period end that have not been reflected in the financial statements for the financial year ended 31 December 2016 as at the date of this report.

17. Changes in composition of the Group

On 3 February 2016, the Company entered into a Share Sale Agreement with Tune Money International Sdn. Bhd. for the acquisition of up to 2,072,000 ordinary shares of RM1.00 each (“Shares”) representing 25.8% equity interest in the issued and paid up ordinary share capital of Think BIG Digital Sdn. Bhd. (“BIG”) for a cash consideration of RM101.5 million. Subsequent to this, the Company’s equity stake in BIG has increased to 71.9% and the investment in BIG has been reclassified from an investment in associate to investment in subsidiary.

18. Contingent assets

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

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

There were no material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2015.

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

Capital commitments for property, plant and equipment:

	As at 31/12/2016 RM’000	As at 31/12/2015 RM’000
Approved and contracted for	88,164,325	76,136,654
Approved but not contracted for	9,801,838	18,397,931
	<u>97,966,163</u>	<u>94,534,585</u>



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21. Material related party transactions

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

Name of company	Relationship
AirAsia Go Holiday Sdn Bhd	Subsidiary
AirAsia (Mauritius) Limited	Subsidiary
AirAsia Investment Limited	Subsidiary
Koolred Sdn Bhd	Subsidiary
AirAsia Global Shared Services Sdn Bhd	Subsidiary
Asia Aviation Capital Ltd	Subsidiary
MadCience Sdn Bhd	Subsidiary
TPaay Asia Sdn Bhd (formerly known as Tune Money Sdn Bhd)	Subsidiary
Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd)	Subsidiary
Rokki Avionics Sdn Bhd	Subsidiary
Think Big Digital Sdn Bhd	Subsidiary
PT Indonesia AirAsia	Associate of a subsidiary
Philippines AirAsia (formerly known as AirAsia Inc.)	Associate of a subsidiary
Thai AirAsia Co. Ltd	Associate of a subsidiary
AirAsia Japan Co. Ltd	Associate of a subsidiary
AirAsia (India) Private Limited	Associate of a subsidiary
AAE Travel Pte Ltd	Associate of a subsidiary
Philippines AirAsia Inc. (formerly known as Zest Airways, Inc.)	Associate of an associate
Asian Aviation Centre of Excellence Sdn Bhd	Joint venture
AirAsia X Berhad	Company with common directors and shareholders
Tune Insurance Malaysia Berhad	Company with common directors and shareholders
Queen Park Rangers Holdings Ltd	Company with common directors and shareholders
Thai AirAsia X Co. Ltd	Company with common directors and shareholders
PT Indonesia AirAsia Extra	Company with common directors and shareholders
Caterhamjet Global Ltd	Company with common directors and shareholders



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21. Material related party transactions (continued)

Significant related party transactions which were entered into on agreed terms and prices for the financial period ended 31 December 2016 are set out below:

	Quarter ended 31/12/2016 RM'000	Quarter ended 31/12/2015 RM'000
Thai AirAsia		
Lease rental income on aircraft	137,759	131,359
Indonesia AirAsia		
Lease rental income on aircraft	46,516	62,574
Philippines AirAsia		
Lease rental income on aircraft	31,710	22,545
India AirAsia		
Lease rental income on aircraft	29,363	22,067
Japan AirAsia		
Lease rental income on aircraft	8,614	3,932
PT Indonesia AirAsia Extra		
Lease rental income on aircraft	18,373	22,694
Asian Aviation Centre of Excellence Sdn Bhd		
Training costs charged to AirAsia Berhad	(13,171)	(2,937)



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22. Review of performance

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

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015
RM'000		
Revenue	1,936,769	2,167,768
Operating expenses:		
- Staff costs	(314,032)	(215,727)
- Depreciation of property, plant and equipment	(192,431)	(183,847)
- Aircraft fuel expenses	(420,484)	(526,601)
- Maintenance and overhaul	(72,369)	(64,682)
- User charges and other related expenses	(245,473)	(206,010)
- Aircraft operating lease expenses	(135,519)	(117,713)
- Other operating expenses	(109,570)	(89,574)
Other income	143,549	65,557
Operating profit	590,440	829,171
Finance income	80,940	34,550
Finance costs	(126,792)	(139,194)
Net operating profit	544,588	724,527
Foreign exchange gain/(loss)	54,120	(64,708)
Impairment of investment in associate	(163,750)	-
Share of results of jointly controlled entities	6,108	4,013
Share of results of associates	(91,870)	(229,319)
Profit before tax	349,196	434,513
Current taxation	2,705	(4,968)
Deferred taxation	112,828	124,653
Net profit for the financial period	464,729	554,198
EBITDAR	918,390	1,130,731
EBITDAR Margin	47%	52%
EBIT Margin	30%	38%



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22. Review of performance (continued)

The Group recorded revenue of RM1,936.8 million for the quarter ended 31 December 2016 (“4Q16”), 11% lower than the revenue of RM2,167.8 million recorded in the quarter ended 31 December 2015 (“4Q15”). The lower revenue in 4Q16 is due to the 48% decrease in aircraft operating lease income. Despite the decrease in aircraft operating lease income, passenger seat sales have increased in the current period, supported by a 5% growth in passenger volume while the average fare was up 5% at RM186 as compared to RM177 in 4Q15. Ancillary income per passenger decreased 4% to RM47 from RM49 year-on-year. Unit passenger revenue has increased 3% year on year. The seat load factor was at 87% which was 2 percentage points higher than the same period last year.

The profit before tax for the period was RM349.2 million compared to a profit before tax of RM434.5 million in the same quarter of 2015 while the net profit for the period was RM464.7 million compared to a net profit of RM554.2 million in the same quarter of 2015.

The Group recorded revenue of RM6,923.9 million for the financial year ended 31 December 2016 (“FY16”), 10% higher than the revenue of RM6,297.7 million recorded in the financial year ended 31 December 2015 (“FY15”). The increase in revenue was driven by a 9% growth in passenger volume whilst capacity only increased by 1% year on year. Ancillary income per passenger increased by 2% to RM48 year-on-year and average fares were up 6% to RM167. The seat load factor was at 87% which was 6 percentage points higher than the same period last year.

The profit before tax for the full year 2016 year was RM2,167.2 million compared to RM215.2 million in the financial year ended 31 December 2015 while the profit after tax for the year was RM2,033.2 million compared to a profit after tax of RM541.3 million in 2015.



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22. Review of performance (continued)

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

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015
RM'000		
Revenue	6,923,882	6,297,658
Operating expenses:		
- Staff costs	(988,880)	(759,420)
- Depreciation of property, plant and equipment	(744,928)	(703,245)
- Aircraft fuel expenses	(1,578,473)	(2,000,650)
- Maintenance and overhaul	(291,278)	(196,883)
- User charges and other related expenses	(801,656)	(685,013)
- Aircraft operating lease expenses	(479,485)	(330,790)
- Other operating expenses	(339,662)	(283,758)
Other income	352,703	257,975
Operating profit	2,052,223	1,595,874
Finance income	134,923	154,148
Finance costs	(518,964)	(724,035)
Net operating profit	1,668,182	1,025,987
Foreign exchange gain/(loss)	481,687	(331,338)
Impairment of investment in associate	(163,750)	-
Share of results of jointly controlled entities	24,285	25,492
Share of results of associates	156,792	(825,490)
Gain on disposal of interest in a joint venture	-	320,500
Profit before tax	2,167,196	215,151
Current taxation	(6,392)	(35,852)
Deferred taxation	(127,644)	361,982
Net profit for the financial year	2,033,160	541,281
EBITDAR	3,276,636	2,629,909
EBITDAR Margin	47%	42%
EBIT Margin	30%	25%



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22. Review of performance (continued)

Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	Oct - Dec 2016	July - Sept 2016
Cash from Operations	273,492	248,578
Cash from Investing Activities	103,960	390,005
Cash from Financing Activities	(262,200)	(727,418)
Net Cash Flow	115,252	(88,835)

The Group's cash inflow from operations was RM273.5 million, compared to inflow of RM248.6 million in the immediate preceding quarter ended 30 September 2016. Net cash flow in the quarter amounted to a RM115.3 million inflow, as cash in flows from operating and investing activities exceeded cash outflow from financing activities.

The net gearing ratio as at 31 December 2016 and 31 December 2015 was as follows:

Balance Sheet RM million	As at 31/12/2016	As at 31/12/2015
Total borrowings	10,579	12,613
Less: Deposit, cash and bank balances	(1,742)	(2,427)
Net debt	8,837	10,186
Total equity	6,614	4,451
Net gearing ratio (times)	1.34	2.29

The Group's total debt as of end of December 2016 was RM10.6 billion. The Group's net debt after offsetting the cash balances amounted to RM8.8 billion.



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22. Review of performance (continued)

Asia Aviation Capital Limited (“AAC”)

Included within the Group results is AAC, a wholly owned subsidiary of AirAsia that provides aircraft leasing services to the AirAsia group of companies and also to third parties. The results of the Company which is consolidated into the results of AirAsia Berhad is shown below:

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015
USD'000		
Revenue	74,320	53,664
Operating expenses:		
- Staff costs	(186)	(117)
- Depreciation of property, plant and equipment	(11,956)	(2,047)
- Aircraft operating lease expenses	(27,511)	(24,328)
- Maintenance & Overhaul	(9,583)	(22,440)
- Other operating expenses	(1,646)	(1,628)
Other income	5,018	-
Operating Profit	28,456	3,104
Finance income	5,603	-
Finance costs	(5,596)	(414)
Net Operating Profit	28,463	2,690
Foreign exchange (loss)/gain	(5)	5,114
Profit before tax	28,458	7,804
Taxation	(1)	(5)
Profit after tax	28,457	7,799
EBITDAR	67,923	29,479
EBITDAR Margin	91%	55%
EBIT Margin	38%	6%

AAC’s portfolio of aircraft for lease has increased from 41 in the same period last year to 63 in the quarter under review.



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22. Review of performance (continued)

Performance indicator for AAC operations for current quarter against the same quarter of last year

Quarter Ended: 31 December Operational ratios	Oct - Dec 2016	Oct - Dec 2015
Total aircraft at start of period	59	28
Addition	4	13
Total aircraft at end of period	63	41
By ownership:		
- Operating lease	34	29
- Owned	29	12
	63	41
By lessee:		
- AirAsia affiliates	61	39
- Third party	2	2
	63	41
Aircraft average age (years)	6.6	6.4
Operating lease average age (years)	6.9	6.1
Owned aircraft average age (years)	6.2	6.6

Balance Sheet

Year Ended: 31 December USD'000	2016	2015
Property, plant and equipment	733,496	260,717
Investment in a subsidiary	3,000	-
Receivables and prepayments	118,726	34,619
Amount due from related parties	71,611	39,386
Cash and bank balances	19,738	17,411
Total Assets	946,571	352,133
Other payables, accruals and provisions	70,546	26,123
Borrowings	632,226	217,781
Amount due to holding company	126,749	69,685
Amount due to related parties	6	26
Security deposits	29,496	21,934
Total Liabilities	859,023	335,549
Share capital	5,000	5,000
Retained earnings	82,548	11,584
Total Equity	87,548	16,584



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23. Associate Companies and Joint Ventures

i) Associate Company - Thai AirAsia Co. Ltd (“Thai AirAsia”)

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

Thai AirAsia recorded revenue of THB7,559.4 million in 4Q16, 2% lower compared to the THB7,678.7 million achieved in 4Q15. The slight decrease in revenue is attributed to the decrease in average fare despite an increase in the number of passengers carried by 8% year-on-year. Passengers carried by Thai AirAsia increased as capacity rose 10% year-on-year while the seat load factor remained consistent at 82%.

Thai AirAsia achieved an operating profit of THB229.9 million in 4Q16, compared to an operating profit of THB585.2 million in 4Q15. Thai AirAsia achieved a net profit of THB45.1 million in 4Q16, compared to a net profit of THB543.0 million in 4Q15.

In the full year 2016, Thai AirAsia recorded revenue of THB32,466.1 million, 10% higher compared to the THB29,594.4 million achieved in FY15. The positive growth in revenue is attributed to higher passenger volumes which increased by 16% year-on-year despite a 5% decrease in the year-on-year unit passenger revenue. Passengers carried by Thai AirAsia increased as capacity rose 12% year-on-year while the seat load factor increased 3ppt to 84%.

Thai AirAsia achieved an operating profit of THB3,775.6 million in FY16, compared to an operating profit of THB2,801.4 million in FY15. Thai AirAsia achieved a net profit of THB3,373.8 million in FY16, compared to a net profit of THB2,014.4 million in FY15.

AirAsia Berhad has equity accounted RM5.3 million in 4Q16, as reflected in the AirAsia Berhad income statement. In the full year 2016, AirAsia Berhad has equity accounted RM178.6 million in the income statement.



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23. Associate Companies and Joint Ventures (continued)

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

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015	Change y-o-y
Passengers Carried	4,365,223	4,024,150	8%
Capacity	5,351,676	4,886,280	10%
Seat Load Factor	82%	82%	0 ppt
RPK (million)	4,203	3,953	6%
ASK (million)	5,208	4,826	8%
Average Fare (THB)	1,415	1,579	-10%
Ancillary Income Per Pax (THB)	321	325	-1%
Unit Passenger Revenue (THB)	1,737	1,904	-9%
Revenue / ASK (THB)	1.45	1.59	-9%
Revenue / ASK (US cents)	4.07	4.46	-9%
Cost / ASK (THB)	1.43	1.49	-4%
Cost / ASK (US cents)	4.00	4.17	-4%
Cost / ASK-ex Fuel (THB)	1.02	0.97	5%
Cost / ASK-ex Fuel (US cents)	2.86	2.72	5%
Aircraft (end of period)	51	45	13%
Average Stage Length (km)	973	988	-1%
Number of Flights	29,720	27,146	9%
Fuel Consumed (Barrels)	979,629	896,555	9%
Average Fuel Price (US\$ / Barrel)	61	78	-22%

Exchange Rate: USD:THB – 35.7 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

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

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015	Change y-o-y
Passengers Carried	17,222,964	14,849,422	16%
Capacity	20,481,756	18,221,580	12%
Seat Load Factor	84%	81%	3 ppt
RPK (million)	17,285	14,872	16%
ASK (million)	20,629	18,116	14%
Average Fare (THB)	1,565	1,667	-6%
Ancillary Income Per Pax (THB)	323	327	-1%
Unit Passenger Revenue (THB)	1,888	1,994	-5%
Revenue / ASK (THB)	1.57	1.63	-4%
Revenue / ASK (US cents)	4.44	4.61	-4%
Cost / ASK (THB)	1.41	1.50	-6%
Cost / ASK (US cents)	3.99	4.23	-6%
Cost / ASK-ex Fuel (THB)	1.01	0.96	6%
Cost / ASK-ex Fuel (US cents)	2.86	2.70	6%
Aircraft (end of period)	51	45	13%
Average Stage Length (km)	1,007	995	1%
Number of Flights	113,776	101,231	12%
Fuel Consumed (Barrels)	3,857,209	3,312,789	16%
Average Fuel Price (US\$ / Barrel)	60	84	-28%

Exchange Rate: USD:THB – 35.4 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

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

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015
THB'000		
Revenue	7,559,375	7,678,723
Operating expenses:		
- Staff costs	(1,238,003)	(1,073,940)
- Depreciation of property, plant and equipment	(308,529)	(287,855)
- Aircraft fuel expenses	(2,119,841)	(2,490,407)
- Maintenance & overhaul	(694,708)	(648,851)
- User charges and other related expenses	(1,309,990)	(1,171,852)
- Aircraft operating lease expenses	(1,227,025)	(1,143,689)
- Other operating expenses	(486,958)	(551,830)
Other income	55,546	274,891
Operating profit	229,867	585,190
Finance income	29,915	38,313
Finance costs	(133,454)	(122,559)
Net operating profit	126,328	500,944
Foreign exchange (loss)/gain	(144,661)	67,600
(Loss)/profit before tax	(18,333)	568,544
Taxation	(10,985)	(9,113)
Deferred taxation	74,440	(16,468)
Net profit after tax	45,122	542,963
EBITDAR	1,765,421	2,016,734
EBITDAR Margin	23%	26%
EBIT Margin	3%	8%



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23. Associate Companies and Joint Ventures (continued)

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

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015
THB'000		
Revenue	32,466,057	29,594,432
Operating expenses:		
- Staff costs	(4,547,899)	(3,372,671)
- Depreciation of property, plant and equipment	(1,163,417)	(1,106,723)
- Aircraft fuel expenses	(8,257,546)	(9,830,407)
- Maintenance, overhaul, user charges and	(2,907,840)	(2,337,955)
- User charges and other related expenses	(5,395,028)	(4,735,486)
- Aircraft operating lease expenses	(4,874,221)	(4,147,355)
- Other operating expenses	(1,969,667)	(1,910,342)
Other income	425,187	647,906
Operating profit	3,775,626	2,801,399
Finance Income	76,213	118,608
Finance Costs	(552,523)	(481,078)
Net operating profit	3,299,316	2,438,929
Foreign exchange loss	(79,506)	(232,752)
Profit before tax	3,219,810	2,206,177
Taxation	(50,574)	(31,680)
Deferred taxation	204,518	(160,136)
Net profit after tax	3,373,754	2,014,361
EBITDAR	9,813,264	8,055,477
EBITDAR Margin	30%	27%
EBIT Margin	12%	9%



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23. Associate Companies and Joint Ventures (continued)

Balance Sheet

Year Ended: 31 December THB'000	2016	2015
Property, Plant & Equipment	20,363,103	18,135,082
Intangible assets, net	15,463	12,195
Other non current assets	1,040,698	1,001,821
Inventory	118,176	92,596
Aircraft maintenance reserves	2,665,544	1,066,380
Other Debtors & Prepayments	1,100,006	815,682
Amounts due from related parties	804,788	326,209
Cash & Short Term Deposits	6,631,016	7,557,622
Total Assets	32,738,795	29,007,587
Sales In Advance	4,238,146	4,030,229
Other Creditors & Accruals	3,011,170	2,253,575
Amounts Owing to Related Party	437,469	917,878
Deferred tax liabilities	307,431	511,948
Borrowings	1,832,753	-
Finance lease liabilities	13,622,465	14,036,839
Total Liabilities	23,449,434	21,750,469
Share Capital	435,556	435,556
Share Premium	2,628,786	2,628,786
Retained Earnings	6,225,019	4,192,776
Total Equity	9,289,361	7,257,118

ii) Associate Company - PT Indonesia AirAsia (“Indonesia AirAsia”)

Indonesia AirAsia is an associate company owned 49% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates

Indonesia AirAsia recorded revenue of IDR972.0 billion in 4Q16, 11% lower as compared to the IDR1,091.5 billion achieved in 4Q15. The drop in revenue is mainly attributable to the reduction in fleet size operated by Indonesia AirAsia as capacity reduced 16% as compared to 4Q15. Passengers carried by Indonesia AirAsia decreased 13% year-on-year while the seat load factor increased 3 percentage points to 83%.



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23. Associate Companies and Joint Ventures (continued)

ii) Associate Company - PT Indonesia AirAsia (“Indonesia AirAsia”) (continued)

Indonesia AirAsia recorded an operating profit of IDR90.6 billion in 4Q16, compared to an operating profit of IDR157.7 billion in 4Q15. Indonesia AirAsia recorded a net loss of IDR233.0 billion in 4Q16 as compared to a net loss of IDR145.7 billion in 4Q15.

In the full year 2016, Indonesia AirAsia recorded revenue of IDR3,853.6 billion, 23% lower as compared to the IDR5,033.9 billion achieved in FY15. The drop in revenue is mainly attributable to the reduction in fleet size operated by Indonesia AirAsia as capacity reduced 32% as compared to FY15. Passengers carried by Indonesia AirAsia decreased 23% year-on-year while the seat load factor increased 10 percentage points to 84%.

Indonesia AirAsia recorded an operating profit of IDR183.0 billion in FY16, compared to an operating loss of IDR728.0 billion in FY15. Indonesia AirAsia recorded a net profit of IDR212.2 billion in FY16 as compared to a net loss of IDR1,512.5 billion in FY15.

In April 2016, Indonesia AirAsia finalized its statutory audit for the financial year ended 31 December 2015 where additional audit adjustments were made. Included in the audit adjustments was IDR710.0 billion deferred tax income which reduced the net losses of Indonesia AirAsia in the previous financial year. After taking into consideration the late audit adjustments and the net profits recorded by Indonesia AirAsia in 1Q16, AirAsia Berhad’s share of the results of Indonesia AirAsia of RM122.7 million has been equity accounted in the income statement of AirAsia Berhad in 1Q16.

AirAsia Berhad has equity accounted a net loss of of RM34.3 million (RM172.7 million in the quarter ended 31 December 2015) in the current period, as reflected in the AirAsia Berhad income statement.



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23. Associate Companies and Joint Ventures (continued)

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

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015	Change y-o-y
Passengers Carried	1,121,830	1,284,829	-13%
Capacity	1,349,640	1,604,700	-16%
Seat Load Factor	83%	80%	3 ppt
RPK (million)	1,605	1,849	-13%
ASK (million)	1,941	2,318	-16%
Average Fare (IDR)	682,369	700,179	-3%
Ancillary Income Per Pax (IDR)	173,566	174,061	0%
Unit Passenger Revenue (IDR)	855,935	874,240	-2%
Revenue / ASK (IDR)	500.77	470.92	6%
Revenue / ASK (US cents)	3.75	3.53	6%
Cost / ASK (IDR)	471.14	377.11	25%
Cost / ASK (US cents)	3.53	2.82	25%
Cost / ASK-ex Fuel (IDR)	339.46	246.68	38%
Cost / ASK-ex Fuel (US cents)	2.54	1.85	38%
Aircraft (end of period)	14	17	-18%
Average Stage Length (km)	1,308	1,323	-1%
Number of Flights	7,498	8,915	-16%
Fuel Consumed (Barrels)	309,839	371,848	-17%
Average Fuel Price (US\$ / Barrel)	62	61	1%

Exchange Rate: USD:IDR – 13,358 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

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

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015	Change y-o-y
Passengers Carried	4,700,353	6,097,771	-23%
Capacity	5,615,640	8,228,160	-32%
Seat Load Factor	84%	74%	10 ppt
RPK (million)	6,721	8,354	-20%
ASK (million)	8,083	11,135	-27%
Average Fare (IDR)	650,706	662,871	-2%
Ancillary Income Per Pax (IDR)	173,879	169,667	2%
Unit Passenger Revenue (IDR)	824,585	832,537	-1%
Revenue / ASK (IDR)	476.76	452.07	5%
Revenue / ASK (US cents)	3.58	3.39	5%
Cost / ASK (IDR)	469.78	534.69	-12%
Cost / ASK (US cents)	3.52	4.01	-12%
Cost / ASK-ex Fuel (IDR)	326.11	352.01	-7%
Cost / ASK-ex Fuel (US cents)	2.45	2.64	-7%
Aircraft (end of period)	14	17	-18%
Average Stage Length (km)	1,309	1,254	4%
Number of Flights	31,198	45,712	-32%
Fuel Consumed (Barrels)	1,278,849	1,749,959	-27%
Average Fuel Price (US\$ / Barrel)	68	87	-22%

Exchange Rate: USD:IDR – 13,330 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

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

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015
IDR million		
Revenue	971,992	1,091,482
Operating expenses:		
- Staff costs	(152,889)	(179,048)
- Depreciation	(22,435)	(23,956)
- Aircraft fuel expenses	(255,586)	(302,290)
- Aircraft operating lease expense	(143,795)	(173,527)
- Maintenance & overhaul	(146,660)	(141,709)
- User charges and other related expenses	(194,967)	(188,032)
- Other operating expenses	(67,607)	4,825
Other income	102,567	69,938
Operating profit	90,620	157,683
Finance Income	1,216	412
Finance Costs	(34,319)	59,350
Net operating profit	57,517	217,445
Foreign exchange gains	(290,504)	(1,097,596)
Loss before tax	(232,987)	(880,151)
Deferred taxation	-	734,481
Net loss after tax	(232,987)	(145,670)
EBITDAR	256,850	355,166
EBITDAR Margin	26%	33%
EBIT Margin	9%	14%



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23. Associate Companies and Joint Ventures (continued)

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

Year Ended: 31 December IDR million	Jan - Dec 2016	Jan - Dec 2015
Revenue	3,853,613	5,033,853
Operating expenses:		
- Staff costs	(652,559)	(697,950)
- Depreciation	(90,489)	(98,657)
- Aircraft fuel expenses	(1,161,299)	(2,034,162)
- Aircraft operating lease expense	(589,991)	(1,153,303)
- Maintenance & overhaul	(599,384)	(761,216)
- User charges and other related expenses	(820,406)	(823,967)
- Other operating expenses	(277,683)	(282,278)
Other income	521,151	89,650
Operating profit/(loss)	182,953	(728,030)
Finance Income	2,898	2,729
Finance Costs	(129,457)	(194,684)
Net operating profit/(loss)	56,394	(919,985)
Foreign exchange gains/(losses)	155,782	(1,327,004)
Profit/(loss) before tax	212,176	(2,246,989)
Deferred taxation	-	734,481
Profit/(loss) after tax	212,176	(1,512,508)
EBITDAR	863,433	523,930
EBITDAR Margin	22%	10%
EBIT Margin	5%	-14%



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23. Associate Companies and Joint Ventures (continued)

Balance Sheet

Year Ended: 31 December IDR million	2016	2015
Property, Plant & Equipment	1,467,683	1,443,857
Inventory	29,004	24,115
Other Debtors & Prepayments	671,104	511,732
Amounts Owning from Related Parties	79,538	55,300
Deferred tax assets	835,597	835,597
Maintenance Reserves	467,858	358,994
Cash & Short Term Deposits	283,524	54,669
Total Assets	3,834,308	3,284,264
Sales In Advance	529,102	533,548
Other Creditors & Accruals	428,503	504,887
Amounts Owning to Related Party	759,055	3,128,920
Employee benefits liability	194,362	179,428
Finance lease payable	1,317,830	1,586,201
Total Liabilities	3,228,850	5,932,984
Share Capital	180,000	180,000
Perpetual Capital Security	5,100,000	2,058,000
Retained Earnings	(4,674,542)	(4,886,720)
Total Equity	605,458	(2,648,720)

iii) Associate Company – Philippines AirAsia (formerly known as AirAsia Inc.) and Philippines AirAsia Inc. (formerly known as Zest Airways Inc.)

Philippines AirAsia and Philippines AirAsia Inc. are collectively referred to as “AirAsia Philippines”. Philippines AirAsia is an associate company which is incorporated in the Republic of the Philippines and is 40% owned by AirAsia Berhad. Philippines AirAsia Inc. is an associate company of Philippines AirAsia and is 49% owned by Philippines AirAsia.

AirAsia Philippines recorded revenue of PHP3,106.6 million in 4Q16, 36% higher as compared to the PHP2,285.8 million achieved in 4Q15. The increase in revenue can be attributed to higher passenger volumes which increased by 19% year-on-year and the increase in average fare by 17% year-on-year. Passengers carried by AirAsia Philippines increased 19% as capacity increased 13% year-on-year while the seat load factor increased by 4 percentage points to 85% as compared to 4Q15.



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23. Associate Companies and Joint Ventures (continued)

AirAsia Philippines recorded an operating loss of PHP576.1 million in 4Q16, compared to an operating loss of PHP110.6 million in 4Q15. The net loss position of AirAsia Philippines was PHP1,406.5 million as compared to PHP118.8 million loss in 4Q15.

In the full year 2016, AirAsia Philippines recorded revenue of PHP10,814.6 million, 21% higher as compared to the PHP8,929.4 million achieved in FY15. The positive growth in revenue can be attributed to higher passenger volumes which increased by 11% year-on-year and the increase in average fare by 16% year-on-year. Passengers carried by AirAsia Philippines increased 11% as capacity increased 3% year-on-year while the seat load factor increased by 6 percentage points to 87% as compared to FY15.

AirAsia Philippines recorded an operating loss of PHP1,834.6 million in FY16, compared to an operating loss of PHP2,076.5 million in FY15. The net loss position of AirAsia Philippines was PHP3,056.8 million in FY16 as compared to PHP3,091.0 million loss in FY15.

Philippines AirAsia recorded a net loss of RM31.7 million in the quarter under review and a net loss of RM141.7 million in the full year 2016. A total of RM56.7 million is equity accounted in the financial statements of AirAsia Berhad in the current financial period including a total of RM48.8 million of previously unrecognized losses.



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23. Associate Companies and Joint Ventures (continued)

Performance indicator for the amalgamated AirAsia Philippines operations for current quarter against the same quarter last year

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015	Change y-o-y
Passengers Carried	1,040,811	871,225	19%
Capacity	1,218,780	1,077,480	13%
Seat Load Factor	85%	81%	4 ppt
RPK (million)	1,251	921	36%
ASK (million)	1,473	1,135	30%
Average Fare (PHP)	2,516	2,153	17%
Ancillary Income Per Pax (PHP)	497	439	13%
Unit Passenger Revenue (PHP)	3,013	2,593	16%
Revenue / ASK (PHP)	2.11	2.01	5%
Revenue / ASK (US cents)	4.28	4.09	5%
Cost / ASK (PHP)	2.54	2.15	18%
Cost / ASK (US cents)	5.15	4.37	18%
Cost / ASK-ex Fuel (PHP)	1.90	1.36	40%
Cost / ASK-ex Fuel (US cents)	3.86	2.75	40%
Aircraft (end of period)	14	14	0%
Average Stage Length (km)	1,216	1,055	15%
Number of Flights	6,771	5,986	13%
Fuel Consumed (Barrels)	268,333	233,365	15%
Average Fuel Price (US\$ / Barrel)	71	79	-11%

Exchange Rate: USD:PHP – 49.3 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

Performance indicator for the amalgamated AirAsia Philippines operations for current financial year against the previous financial year

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015	Change y-o-y
Passengers Carried	3,990,986	3,592,813	11%
Capacity	4,609,260	4,461,300	3%
Seat Load Factor	87%	81%	6 ppt
RPK (million)	4,365	3,574	22%
ASK (million)	5,103	4,476	14%
Average Fare (PHP)	2,307	1,985	16%
Ancillary Income Per Pax (PHP)	419	448	-6%
Unit Passenger Revenue (PHP)	2,726	2,433	12%
Revenue / ASK (PHP)	2.12	1.99	6%
Revenue / ASK (US cents)	4.45	4.19	6%
Cost / ASK (PHP)	2.53	2.55	-1%
Cost / ASK (US cents)	5.31	5.35	-1%
Cost / ASK-ex Fuel (PHP)	1.84	1.62	13%
Cost / ASK-ex Fuel (US cents)	3.86	3.41	13%
Aircraft (end of period)	14	14	0%
Average Stage Length (km)	1,109	1,006	10%
Number of Flights	25,607	24,785	3%
Fuel Consumed (Barrels)	997,733	909,610	10%
Average Fuel Price (US\$ / Barrel)	74	95	-23%

Exchange Rate: USD:PHP – 47.6 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

Performance of current quarter against the same quarter last year for the amalgamated AirAsia Philippines operations

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015
PHP'000		
Revenue	3,106,555	2,285,834
Operating expenses:		
- Staff costs	(501,433)	(399,396)
- Depreciation of property, plant and equipment	(58,545)	(104,974)
- Aircraft fuel expenses	(932,389)	(907,008)
- Maintenance & overhaul	(639,233)	(211,631)
- User charges and other related expenses	(340,279)	(350,132)
- Aircraft operating lease expenses	(456,104)	(552,596)
- Other operating expenses	(344,918)	(216,860)
Other income	(409,758)	346,120
Operating loss	(576,104)	(110,643)
Finance Income	159	351
Finance Costs	(54,942)	(49,728)
Net operating loss	(630,887)	(160,020)
Foreign exchange loss/(gain)	(775,642)	41,229
Loss before tax	(1,406,529)	(118,791)
Taxation	-	-
Net loss after tax	(1,406,529)	(118,791)
EBITDAR	(61,455)	546,927
EBITDAR Margin	-2%	24%
EBIT Margin	-19%	-5%



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23. Associate Companies and Joint Ventures (continued)

Performance of current financial year against the previous financial year for the amalgamated AirAsia Philippines operations

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015
PHP'000		
Revenue	10,814,573	8,929,439
Operating expenses:		
- Staff costs	(1,588,502)	(1,467,069)
- Depreciation of property, plant and equipment	(334,745)	(423,532)
- Aircraft fuel expenses	(3,509,572)	(4,131,932)
- Maintenance, overhaul, user charges and other related expenses	(2,547,865)	(1,667,778)
- Aircraft operating lease expenses	(1,464,797)	(1,219,340)
- Other operating expenses	(1,645,526)	(1,974,807)
- Other operating expenses	(751,146)	(679,693)
Other income	(807,052)	558,227
Operating loss	(1,834,632)	(2,076,485)
Finance income	458	577
Finance costs	(248,767)	(392,947)
Net operating loss	(2,082,941)	(2,468,855)
Foreign exchange losses	(973,838)	(622,189)
Loss before tax	(3,056,779)	(3,091,044)
Taxation	-	-
Net loss after tax	(3,056,779)	(3,091,044)
EBITDAR	145,639	321,854
EBITDAR Margin	1%	4%
EBIT Margin	-17%	-23%



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23. Associate Companies and Joint Ventures (continued)

Balance Sheet

Year Ended: 31 December PHP'000	2016	2015
Property, Plant & Equipment	626,139	2,468,158
Inventory	106,572	126,876
Other Debtors & Prepayments	1,720,493	2,988,863
Cash & Short Term Deposits	333,700	150,390
Total Assets	2,786,904	5,734,287
Sales In Advance	1,622,473	1,102,599
Other Creditors & Accruals	6,260,220	7,578,516
Amounts Owing to Related Party	15,273,790	14,397,943
Long Term Liabilities	163,978	116,823
Total Liabilities	23,320,461	23,195,881
Share Capital	1,192,511	1,192,511
Other reserves	(23,805)	(8,621)
Retained Earnings	(21,702,263)	(18,645,484)
Total Equity	(20,533,557)	(17,461,594)

iv) Associate Company – AirAsia (India) Private Limited (“AirAsia India”)

AirAsia India is an associate company which is incorporated in India and is 49% owned by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates.

AirAsia India recorded revenue of INR2,695.9 million in 4Q16, 30% higher compared to a revenue of INR2,077.5 million in 4Q15. The number of passengers carried increased 56% with a unit passenger revenue of INR3,442. Ancillary income per passenger was at INR374 while the seat load factor was at 86%.

AirAsia India recorded a net loss of RM9.9 million (quarter ended 31 December 2015: RM16.1 million) in the quarter under review out of which RM5.3 million (quarter ended 31 December 2015: RM nil) is equity accounted in the AirAsia Berhad income statement.

In the full year 2016, AirAsia India recorded revenue of INR8,252.1 million, 59% higher compared to a revenue of INR5,204.6 million in FY15. The number of passengers carried increased 68% with a unit passenger revenue of INR3,367. Ancillary income per passenger was at INR376 while the seat load factor was at 86%.



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23. Associate Companies and Joint Ventures (continued)

AirAsia India recorded a net loss of RM89.1 million in the full year 2016 out of which RM66.8 million is equity accounted in the AirAsia Berhad income statement. In the previous quarter, AirAsia Berhad through its wholly owned subsidiary AirAsia Investment Limited subscribed to 114,905,000 equity shares of INR10 each aggregating to INR1,149,050,000 equivalent to RM71.1 million. This has increased total investment in AirAsia India and as such, all unrecognized and current year losses were recognized in the income statement of AirAsia Berhad in the previous quarter.

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

Quarter Ended: 31 December	Oct - Dec 2016	Oct - Dec 2015	Change y-o-y
Passengers Carried	792,132	508,407	56%
Capacity	921,960	607,680	52%
Seat Load Factor	86%	84%	2 ppt
RPK (million)	855	625	37%
ASK (million)	990	743	33%
Average Fare (INR)	3,068	3,626	-15%
Ancillary Income Per Pax (INR)	374	491	-24%
Unit Passenger Revenue (INR)	3,443	4,117	-16%
Revenue / ASK (sen)	272.45	279.56	-3%
Revenue / ASK (US cents)	4.02	4.13	-3%
Cost / ASK (sen)	281.54	313.42	-10%
Cost / ASK (US cents)	4.16	4.63	-10%
Cost / ASK-ex Fuel (sen)	173.55	214.65	-19%
Cost / ASK-ex Fuel (US cents)	2.56	3.17	-19%
Aircraft (end of period)	8	6	41%
Average Stage Length (km)	1,001	1,228	-18%
Number of Flights	5,122	3,376	52%

Exchange Rate: USD:INR – 67.7 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

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

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015	Change y-o-y
Passengers Carried	2,453,468	1,464,282	68%
Capacity	2,836,980	1,818,720	56%
Seat Load Factor	86%	81%	5 ppt
RPK (million)	2,924	1,673	75%
ASK (million)	3,365	2,074	62%
Average Fare (RM)	2,991	3,172	-6%
Ancillary Income Per Pax (RM)	376	250	50%
Unit Passenger Revenue (RM)	3,367	3,422	-2%
Revenue / ASK (sen)	245.24	250.96	-2%
Revenue / ASK (US cents)	3.65	3.73	-2%
Cost / ASK (sen)	287.31	328.63	-13%
Cost / ASK (US cents)	4.27	4.89	-13%
Cost / ASK-ex Fuel (sen)	179.03	218.40	-18%
Cost / ASK-ex Fuel (US cents)	2.66	3.25	-18%
Aircraft (end of period)	8	6	33%
Average Stage Length (km)	1,147	1,217	-6%
Number of Flights	15,761	10,104	56%

Exchange Rate: USD:INR – 67.3 - prior year US cents figures are restated at the current period average exchange rate



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23. Associate Companies and Joint Ventures (continued)

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

Quarter Ended: 31 December INR'000	Oct - Dec 2016	Oct - Dec 2015
Revenue	2,695,932	2,077,549
Operating expenses:		
- Staff costs	(470,823)	(345,806)
- Depreciation of property, plant and equipment	(15,231)	(11,143)
- Aircraft fuel expenses	(1,068,534)	(734,058)
- Maintenance and overhaul	(292,546)	(183,405)
- User charges and other related expenses	(381,322)	(293,076)
- Aircraft operating lease expenses	(458,920)	(359,666)
- Other operating expenses	(168,251)	(446,968)
Other income	57,291	40,047
Operating loss	(102,404)	(256,525)
Finance Income	14,203	6,245
Finance Costs	(1,718)	(1,366)
Net operating loss	(89,919)	(251,647)
Foreign exchange (loss)/gain	(62,809)	2,900
Loss before tax	(152,728)	(248,747)
Taxation	-	-
Net loss after tax	(152,728)	(248,747)
EBITDAR	371,747	114,284
EBITDAR Margin	14%	6%
EBIT Margin	-4%	-12%



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23. Associate Companies and Joint Ventures (continued)

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

Year Ended: 31 December	Jan - Dec 2016	Jan - Dec 2015
INR'000		
Revenue	8,252,071	5,204,576
Operating expenses:		
- Staff costs	(1,582,457)	(1,245,807)
- Depreciation of property, plant and equipment	(90,421)	(48,080)
- Aircraft fuel expenses	(3,643,581)	(2,285,949)
- Maintenance and overhaul	(1,018,295)	(483,249)
- User charges and other related expenses	(1,207,443)	(686,735)
- Aircraft operating lease expenses	(1,620,315)	(1,118,228)
- Other operating expenses	(683,616)	(1,024,549)
Other income	169,729	54,200
Operating profit	(1,424,328)	(1,633,821)
Finance income	15,317	42,033
Finance costs	(6,652)	(19,016)
Net operating loss	(1,415,663)	(1,610,804)
Foreign exchange loss	(30,902)	(50,578)
Loss before tax	(1,446,565)	(1,661,382)
Current taxation	-	-
Net loss after tax	(1,446,565)	(1,661,382)
EBITDAR	286,408	(467,513)
EBITDAR Margin	3%	-9%
EBIT Margin	-17%	-31%



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23. Associate Companies and Joint Ventures (continued)

Balance Sheet

Year Ended: 31 December INR'000	Dec 2016	Dec 2015
Property, Plant & Equipment	375,110	352,726
Inventory	70,357	30,960
Amount due from related parties	136,227	22,239
Other Debtors & Prepayments	672,591	518,631
Cash & Short Term Deposits	3,481,604	537,829
Total Assets	4,735,888	1,462,385
Sales In Advance	682,496	520,691
Other Creditors & Accruals	2,418,350	1,052,259
Amounts Owing to Related Party	1,775,266	944,829
Long Term Liabilities	22,211	5,592
Total Liabilities	4,898,324	2,523,371
Share Capital	4,266,500	1,921,500
Retained Earnings	(4,428,935)	(2,982,487)
Total Equity	(162,435)	(1,060,987)

v) Associate Company – AirAsia Japan Co., Ltd (“AirAsia Japan”)

AirAsia Japan is an associate company which is incorporated in Japan and is 49% owned by AirAsia Berhad. AirAsia Japan has yet to launch its services in Japan. AirAsia Japan recorded a net loss of RM42.8 million (quarter ended 31 Dec 2015: RM25.5 million) in the quarter under review of which RM20.9 million (quarter ended 31 Dec 2015: RM11.7 million) is equity accounted in the financial statements of AirAsia Berhad. In the full year 2016, AirAsia Japan recorded a net loss of RM160.7 million of which RM78.7 million is equity accounted in the financial statements of AirAsia Berhad.



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23. Associate Companies and Joint Ventures (continued)

vi) Associate Company – AAE Travel Pte Ltd (“AAE Travel”)

AAE Travel has been reclassified to investment in an associate company in the previous financial year subsequent to the divestment of 25% equity interest in the share capital of AAE Travel. AAE Travel is incorporated in Singapore and is 25% owned by AirAsia Berhad. AAE Travel recorded a net profit of RM49.9 million (quarter ended 31 Dec 2015: RM15.2 million) in the quarter of which RM12.1 million (quarter ended 31 Dec 2015: RM3.9 million) is equity accounted in the AirAsia Berhad income statement. In the full year 2016, AAE Travel recorded a net profit of RM115.2 million of which RM28.8 million is equity accounted in the financial statements of AirAsia Berhad.

vii) Joint Ventures – Asian Aviation Centre of Excellence Sdn Bhd (“AACOE”)

AACOE is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. AACOE recorded a net profit of RM12.2 million (quarter ended 31 Dec 2015: RM8.0 million) in the quarter of which RM6.1 million (quarter ended 31 Dec 2015: RM4.0 million) is equity accounted in the AirAsia Berhad income statement. In the full year 2016, AACOE recorded a net profit of RM48.6 million of which RM24.3 million is equity accounted in the financial statements of AirAsia Berhad.

24. Variation of results against preceding quarter

The Group had a net profit of RM464.7 million for the quarter under review. This is RM112.2 million higher compared to the net profit of RM352.5 million in the immediately preceding quarter ended 30 September 2016.



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25. Commentary on prospects

In Malaysia, the first quarter of 2017 is projected to achieve an average forecast load factor of 89% as we continue to see strong demands and a better fare environment. For the remaining quarters of 2017, with continuous fare competition in the market, we remain confident as we are continuing to observe strong demand across most sectors coupled with a favorable fuel price environment.

In Thailand, load factor in the first quarter of 2017 is forecast to be 87%. There are efforts taken by the Thai government to boost tourist arrivals into Thailand which includes waiving of visa fees for tourists for a short period of time. As with Malaysia, we see encouraging forward bookings in the remaining quarters of 2017. TAA will continue to focus its marketing activities on domestic, China and India routes in the remaining quarters of 2017.

In Indonesia, load factor in the first quarter of 2017 is forecast at 82%. For the remaining quarters of 2017, IAA will continue to focus on promoting international routes.

In Philippines, the forecast load factor for the first quarter of 2017 is at 92%. PAA remains on track with its turnaround plan to rationalize its fleet composition to further reduce its cost structure in the remaining quarters of 2017.

In India, the forecast load factor for the first quarter of 2017 is at 89%. For the remaining quarters of 2017, AirAsia India will remain focused on building a footprint in the Indian domestic market with the introduction of new routes and frequency increases.

Barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group in 2017.



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26. Profit forecast

No profit forecast has been issued.

27. Finance income/(costs)

All figures in RM'000	Group			
	Quarter Ended 31/12/16	Quarter Ended 31/12/15	Year ended 31/12/16	Year ended 31/12/15
Finance income				
Interest income from:				
- amounts due from associates	7,570	8,245	29,694	66,462
- deposits with licensed banks	277	8,342	14,377	28,058
Gain from interest rate contracts	30,265	16,609	29,591	3,605
Discounting on deposits and non-current payables and others	42,828	1,354	61,261	56,023
	80,940	34,550	134,923	154,148
Finance costs				
Bank borrowings	(120,641)	(132,049)	(502,000)	(679,500)
Amortisation of premiums for interest rate caps	(2,442)	(4,816)	(9,420)	(9,090)
Discounting and accretion of interest on deposits	-	-	-	(25,527)
Bank facilities and other charges	(3,709)	(2,329)	(7,544)	(9,918)
	(126,792)	(139,194)	(518,964)	(724,035)
Net cost	(45,852)	(104,644)	(384,041)	(569,887)
Foreign exchange gains/(losses)				
- realized	404,030	46,097	367,607	1,414
- unrealized	(515,689)	287,737	(119,494)	(1,250,254)
- gain/(loss) from forward foreign exchange contracts	50,751	(20,241)	(4,838)	820,766
- fair value movement recycled from cash flow hedge reserve	115,028	(378,301)	238,412	96,736
	54,120	(64,708)	481,687	(331,338)



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28. Income tax expense

Current taxation

The current taxation credit of RM2.7 million comprises tax overpaid in prior year.

Deferred taxation

RM112.8 million deferred tax credits arose in the current financial period mainly due to the taxing of sales in advance on a receipt basis instead of on an accruals basis which is in compliance with the changes in the Malaysian tax laws.

29. Unquoted investments and properties

On 21 June 2016, AirAsia Berhad entered into a Sale and Purchase Agreement with Caterhamjet Global Ltd (“CJG”) for the acquisition of one (1) unit of Bombardier BD-700-1A10 Global Express 9M-CJG aircraft for a cash consideration of USD10 million.

On 27 June 2016, AirAsia Berhad entered into a Share Sale Agreement with Datin Charlene Yeo Ming Ling to purchase 881,873 ordinary shares of RM1.00 each in T & Co Coffee Sdn Bhd (“T&Co”), which is equivalent to eighty percent (80%) of the share capital of T&Co for a total purchase consideration of RM914,000.

On 21 June 2016, AirAsia Berhad through its wholly owned subsidiary, MadCience Consulting Sdn Bhd (“MC”) entered into a joint venture with Big Data for Humans Ltd. (“Bd4h”). These were done via a Loan Note Subscription Agreement with Bd4h for the subscription of 1,000,000 unsecured convertible loan note for a total subscription monies of GBP 1,000,000, of which up to GBP 500,000 shall be used to finance a joint venture operation between MC and Bd4h (the “Bd4h JV”); and a Joint Venture Agreement with Bd4h for the formation of Big Data for Humans APAC Ltd (“Bd4h APAC”), a joint venture company to establish and build a software for service data analytics business in the Asia Pacific region



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30. Quoted investments and properties

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

31. Receivables and prepayments

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
<u>Non-current:</u>		
Prepayments	1,508,300	1,261,540
Deposits	200,636	150,702
	<u>1,708,936</u>	<u>1,412,242</u>
<u>Current:</u>		
Trade and other receivables	594,280	356,519
Prepayments	208,330	180,232
Deposits	35,134	80,671
	<u>837,744</u>	<u>617,422</u>

Prepayments include advances for purchases of fuel and prepaid engine maintenance to the service provider.

32. Amounts due from associates

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
<u>Non-current:</u>		
Aircraft financing	340,814	419,619
Others	50,395	722,500
	<u>391,209</u>	<u>1,142,119</u>
<u>Current:</u>		
Aircraft financing	97,906	73,063
Others	327,348	321,907
	<u>425,254</u>	<u>394,970</u>

Amounts due from associates includes an amount of RM438.7 million (2015: RM492.7 million) advances to PT Indonesia AirAsia (“IAA”) for the financing of aircraft purchase and are only repayable over terms ranging from 7 years to 9 years at interest rates between 6.16% to 6.65% per annum. From this amount, RM340.8 million (2015: RM419.6 million) is repayable after 12 months. The Company holds the aircraft as collateral.



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33. Derivative financial instruments

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

(i) Forward Foreign Exchange Contracts

As at 31 December 2016, AirAsia Berhad has hedged approximately 59% of the US dollar liabilities of its aircraft (which are deployed to Malaysia) into Malaysian Ringgit (“MYR”). The latest weighted average of USD/MYR forward exchange rate is 3.2373.

(ii) Interest Rate Hedging

As at 31 December 2016, the Group has entered interest rate hedging transactions to hedge against fluctuations in the US\$ Libor on its existing aircraft financing for aircraft delivering from 2005 to 2017.

(iii) Fuel Hedging

As at 31 December 2016, the Group has entered into Singapore Jet Kerosene fixed swaps, Brent options, Brent swaps, and Crack swaps which represents up to 75% of the Group’s total budgeted fuel consumption for year 2017.



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33. Derivative financial instruments (continued)

Type of derivatives	Notional Value as at 31/12/2016	Fair Value as at 31/12/2016 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	4.85	184.34
- 1 year to 3 years	-	-
Total	4.85	184.34
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	617.32	(28.75)
- more than 3 years	3,443.68	(142.56)
Total	4,061.00	(171.31)
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	154.21	28.58
- 1 year to 3 years	761.32	287.52
- more than 3 years	1,486.10	607.70
Total	2,401.63	923.80

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



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34. Trade and other payables

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
<u>Non-current:</u>		
Aircraft maintenance accruals	553,979	514,138
Trade and other payables	872,206	529,856
	<u>1,426,185</u>	<u>1,043,994</u>
<u>Current:</u>		
Trade payables	558,184	269,960
Accrual for fuel	112,300	62,739
Other payables and accruals	1,294,657	1,301,358
	<u>1,965,141</u>	<u>1,634,057</u>

Other payables and accruals include accruals for operational expenses and passenger service charge payable to airport authorities.

35. Borrowings and debt securities

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Current	1,945,203	2,377,256
Non-current	8,633,939	10,235,579
Total Debt	<u>10,579,142</u>	<u>12,612,835</u>

The currency profile of borrowings is as follows:

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Ringgit Malaysia	1,059,435	1,494,381
US Dollar	9,135,546	10,734,446
Euro	179,853	167,504
Singapore Dollar	204,308	216,504
	<u>10,579,142</u>	<u>12,612,835</u>



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35. Borrowings and debt securities (continued)

The term loans, finance lease liabilities (Ijarah) and commodity murabahah finance are for the purchase of aircraft, spare engines and working capital purposes. The repayment terms of term loans and finance lease liabilities (Ijarah) and commodity murabahah finance are on a quarterly or semi-annually basis.

The maturity period of non-current borrowing is 14 years and below. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 33 (i).

Total borrowings include secured liabilities of the Group of RM10.2 billion. These are secured by the following:

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

36. Fair value estimation

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

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



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36. Fair value estimation (continued)

The following tables presents the Group's assets and liabilities that are measured at fair value at 31 December 2016 and 31 December 2015:

	Level 1 RM'mil	Level 2 RM'mil	Level 3 RM'mil	Total RM'mil
31 December 2016				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	382	-	382
Derivatives used for hedging	-	1,151	-	1,151
Available-for-sale financial assets				
- Equity securities	357	-	-	357
Total Assets	357	1,534	-	1,890
Liabilities				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	147	-	147
Derivatives used for hedging	-	449	-	449
Total Liabilities	-	597	-	597
31 December 2015				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	229	-	229
Derivatives used for hedging	-	1,136	-	1,136
Available-for-sale financial assets				
- Equity securities	235	-	-	235
Total Assets	235	1,365	-	1,600
Liabilities				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	108	-	108
Derivatives used for hedging	-	712	-	712
Total Liabilities	-	820	-	820

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



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36. Fair value estimation (continued)

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

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

37. Material litigation

As at 23 February 2017, there was no material litigation against the Group.

38. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 31 December 2016.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
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39. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/16	Quarter ended 31/12/15	Year ended 31/12/16	Year ended 31/12/15
Net profit attributable to owners of the Company (RM'000)	465,319	554,112	2,036,261	541,194
Weighted average number of ordinary shares in issue ('000)	2,782,974	2,782,974	2,782,974	2,782,974
Basic and diluted earnings per share (sen)	16.7	19.9	73.2	19.4

The Group does not have in issue any financial instruments on other contracts that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

40. Authorisation for issue

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

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
23 FEBRUARY 2017