



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2015

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 2015.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Year ended	Year ended
		31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Revenue	10	2,167,768	1,478,193	6,299,064	5,415,744
Operating expenses:					
- Staff costs		(215,727)	(198,815)	(758,986)	(667,277)
- Depreciation of property, plant and equipment		(183,847)	(184,829)	(703,245)	(719,497)
- Aircraft fuel expenses		(526,601)	(620,859)	(2,000,650)	(2,254,237)
- Maintenance and overhaul expenses		(64,682)	(42,380)	(196,883)	(149,411)
- User charges and other related expenses		(206,010)	(142,096)	(685,013)	(545,279)
- Aircraft operating lease expenses		(117,713)	(47,546)	(330,790)	(198,280)
- Other operating expenses		(89,574)	(72,895)	(270,532)	(233,760)
Other income	11	37,080	44,189	230,378	178,029
Operating Profit		800,694	212,962	1,583,343	826,032
Finance Income	27	34,550	37,376	122,842	121,869
Finance Costs	27	(140,913)	(153,872)	(610,626)	(533,967)
Net Operating Profit		694,331	96,466	1,095,559	413,934
Foreign exchange (loss)/gain	27	(103,389)	(647,560)	(933,047)	(609,085)
Foreign exchange gain on amounts due from associates and jointly-controlled entities		38,681	145,775	601,708	190,293
Gain on disposal of interest in AirAsia Expedia Travel		-	-	320,500	-
Costs related to the sale and leaseback of aircraft		30,196	-	(69,717)	-
Share of results of jointly controlled entities	23	4,013	2,643	25,492	57,266
Share of results of associates:	23				
Thai AirAsia		29,071	35,872	94,019	6,081
Indonesia AirAsia					
- Current year results		(172,709)	-	(332,350)	-
- Prior year unabsorbed losses		-	-	(465,374)	-
India AirAsia		-	(11,809)	(29,741)	(22,415)
Japan AirAsia		(11,672)	(9,642)	(28,611)	(9,642)
Philippines AirAsia		(77,929)	-	(77,929)	-
Others		3,920	(3,731)	14,496	(3,731)
Profit/(loss) before tax		434,513	(391,986)	215,005	22,701
Current Taxation	28	(4,968)	(8,646)	(35,852)	(25,638)
Deferred taxation	28	124,653	(27,877)	361,809	85,773
Profit/(loss) after tax		554,198	(428,509)	540,962	82,836
Attributable to:					
-Equity holders of the company		554,112	(428,509)	540,876	82,836
-Minority interests		86	-	86	-
		554,198	(428,509)	540,962	82,836
Basic earnings per share (sen)		19.9	(15.4)	19.4	3.0
Diluted earnings per share (sen)		19.9	(15.4)	19.4	3.0

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Profit/(loss) for the period	554,198	(428,509)	540,962	82,836
Other comprehensive (loss)/income				
Available-for-sale financial assets	(9,586)	(104,750)	(203,504)	(174,473)
Cash flow hedges	83,598	(94,692)	(367,094)	(252,939)
Foreign currency translation differences	(899)	7,963	6,939	7,963
Total comprehensive income/(loss) for the period	627,311	(619,988)	(22,697)	(336,613)
Total comprehensive income/(loss) attributable to:				
Equity holders of the company	627,225	(619,988)	(22,783)	(336,613)
Minority Interest	86	-	86	-

Note

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	YEAR ENDED	YEAR ENDED
	31/12/2015	31/12/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	215,005	22,701
Adjustments:		
Property, plant and equipment		
- Depreciation	703,245	719,497
- Loss/(gain) on disposal	74,901	4,690
Gain on disposal of other investments	-	(42,077)
Impairment on other investments	-	10,125
Impairment of trade and other receivables	-	30,651
Fair value gains on derivative financial instruments	(925,253)	(212,398)
Provision for doubtful debts	21,102	-
Share of results of jointly-controlled entities	(25,492)	(57,266)
Share of results of associates	825,490	29,707
Gain on disposal of investment in AAE Travel	(320,500)	-
Net unrealised foreign exchange loss	1,758,611	639,614
Interest expense	610,626	533,967
Dividend income	-	(4,697)
Gain related to the sale and leaseback of aircraft	(27,361)	-
Interest income	(122,842)	(121,869)
	2,787,532	1,552,645
Changes in working capital		
Inventories	(17,173)	11,368
Receivables and prepayments	(109,998)	(258,466)
Trade and other payables	811,275	101,432
Intercompany balances	(822,087)	(725,677)
Cash generated from operations	2,649,549	681,302
Interest paid	(544,768)	(470,613)
Interest received	116,973	106,576
Tax paid	(31,001)	(15,234)
Net cash from operating activities	2,190,753	302,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(272,686)	(2,084,641)
- Proceeds from disposal	1,160,290	119,745
Investment in associated companies	(88,695)	(30,378)
Investment in available-for-sale financial asset	(53,811)	-
Proceeds from disposal of investment in AAE Travel	347,044	-
Loan granted to associates	-	(431,258)
Loan repayments received from associates	71,423	80,937
Proceeds from disposal of other investments	-	44,584
Dividend received	-	4,697
Refund on aircraft purchase	-	142,073
Net cash generated from/(used in) investing activities	1,163,565	(2,154,241)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	-	2,064
Proceeds from borrowings	1,384,930	3,129,496
Dividend paid	(83,489)	(111,292)
Goodwill	(11,850)	-
Repayment of borrowings	(3,841,014)	(1,241,080)
Net cash (used in)/generated from financing activities	(2,551,423)	1,779,188
NET INCREASE FOR THE FINANCIAL PERIOD/YEAR	802,895	(73,022)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,337,849	1,380,435
CURRENCY TRANSLATION DIFFERENCES	290,396	30,436
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	2,431,140	1,337,849

* Included within the balance at end of period is an amount RM711 million restricted cash and fixed deposits pledged as securities for banking facilities of RM16.5 million



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT	AS AT
		31/12/2015 RM'000	31/12/2014 RM'000
NON CURRENT ASSETS			
Property, plant and equipment	15	10,895,146	12,533,535
Investment in associates	23	1,020,611	230,454
Investment in a jointly controlled entity	23	164,024	191,620
AFS Financial Assets		235,097	384,790
Goodwill		17,703	7,334
Intangible asset		1,481	-
Deferred tax assets		828,887	466,968
Receivables and prepayments		1,421,802	1,132,504
Deposit on aircraft purchase		697,640	500,321
Amounts due from an associate		1,239,099	2,301,528
Derivative Financial Instruments	33	945,490	381,686
		17,466,980	18,130,740
CURRENT ASSETS			
Inventories		35,325	18,152
Receivables and prepayments		525,266	682,909
Amounts due from a jointly controlled entity		5,708	51,188
Amount due from associates		360,854	153,803
Amount due from a related party		30,825	3,179
Deposits, bank and cash balances		2,431,140	1,337,849
Derivative Financial Instruments	33	419,112	286,298
Current tax assets		3,648	-
		3,811,878	2,533,378
CURRENT LIABILITIES			
Trade and other payables		1,624,117	773,128
Sales in advance		540,920	502,810
Derivative Financial Instruments	33	582,491	472,204
Amount due to associate		-	55,110
Amount due to a related party		-	24,693
Borrowings	32	2,431,736	2,274,928
Current tax liabilities		-	9,380
		5,179,264	4,112,253
NET CURRENT LIABILITIES			
		(1,367,386)	(1,578,875)
NON CURRENT LIABILITIES			
Other payables and accruals		1,139,620	1,212,044
Amount due to an associate		89,868	83,545
Borrowings	32	10,184,863	10,453,090
Derivative Financial Instruments	33	237,898	248,095
		11,652,249	11,996,774
		4,447,345	4,555,091
CAPITAL AND RESERVES			
Share capital	7	278,297	278,297
Share Premium		1,230,941	1,230,941
Minority interest		(1,560)	-
Foreign exchange reserve		15,757	8,818
Retained earnings		3,355,508	2,898,035
Other Reserves		(431,598)	139,000
Shareholders' funds		4,447,345	4,555,091
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.60	1.64

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company							Minority Interest RM'000	TOTAL EQUITY RM'000	
	Issued and fully paid ordinary shares of RM0.10 each		Share Premium RM'000	Foreign Exchange Reserves RM'000	Cash Flow Hedge Reserves RM'000	AFS Reserves RM'000	Retained Earnings RM'000			Total RM'000
	Number of shares 000	Nominal Value RM'000								
At 1 January 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 period	-	-	-	-	-	-	540,962	540,962	(1,560)	539,402
Other comprehensive income/(loss)	-	-	-	6,939	(367,094)	(203,504)	-	(563,659)	-	(563,659)
Dividend	-	-	-	-	-	-	(83,489)	(83,489)	-	(83,489)
At 31 December 2015	2,782,974	278,297	1,230,941	15,757	(539,968)	108,370	3,355,508	4,448,905	(1,560)	4,447,345
At 1 January 2014	2,781,064	278,106	1,229,068	855	80,065	486,347	2,926,491	5,000,932	-	5,000,932
Net profit for the financial year	-	-	-	-	-	-	82,836	82,836	-	82,836
Other comprehensive income	-	-	-	7,963	(252,939)	(174,473)	-	(419,449)	-	(419,449)
Dividends	-	-	-	-	-	-	(111,292)	(111,292)	-	(111,292)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,910	191	1,873	-	-	-	-	2,064	-	2,064
At 31 December 2014	2,782,974	278,297	1,230,941	8,818	(172,874)	311,874	2,898,035	4,555,091	-	4,555,091

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 2014 and the accompanying explanatory notes attached to the interim financial statements.



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KEY OPERATING STATISTICS – 31 DECEMBER 2015

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

Quarter Ended: 31 December	Oct - Dec 2015	Oct - Dec 2014	Change y-o-y
Passengers Carried	6,467,882	5,903,457	10%
Capacity	7,623,586	7,531,380	1%
Seat Load Factor	85%	78%	7 ppt
RPK (million)	8,193	7,287	12%
ASK (million)	9,724	9,269	5%
Average Fare (RM)	177	171	4%
Ancillary Income Per Pax (RM)	49	47	4%
Unit Passenger Revenue (RM)	226	218	4%
Revenue / ASK (sen)	22.29	15.95	40%
Revenue / ASK (US cents)	5.20	3.72	40%
Cost / ASK (sen)	14.06	13.51	4%
Cost / ASK (US cents)	3.28	3.15	4%
Cost / ASK-ex Fuel (sen)	8.64	6.81	27%
Cost / ASK-ex Fuel (US cents)	2.02	1.59	27%
Aircraft (end of period)	80	81	-1%
Average Stage Length (km)	1,276	1,231	4%
Number of Flights	42,246	41,841	1%
Fuel Consumed (Barrels)	1,634,375	1,529,360	7%
Average Fuel Price (US\$ / Barrel)	75	95	-21%

Exchange Rate: RM:USD – 4.2847 - prior year US cent figures are restated at the current period average exchange rate

Definition and calculation methodology

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



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KEY OPERATING STATISTICS – 31 DECEMBER 2015

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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014	Change y-o-y
Passengers Carried	24,254,506	22,138,796	10%
Capacity	30,079,666	28,073,160	7%
Seat Load Factor	81%	79%	2 ppt
RPK (million)	30,006	27,274	10%
ASK (million)	37,408	34,590	8%
Average Fare (RM)	157	165	-5%
Ancillary Income Per Pax (RM)	47	46	2%
Unit Passenger Revenue (RM)	204	211	-3%
Revenue / ASK (sen)	16.84	15.66	8%
Revenue / ASK (US cents)	4.27	3.97	8%
Cost / ASK (sen)	12.61	13.16	-4%
Cost / ASK (US cents)	3.20	3.34	-4%
Cost / ASK-ex Fuel (sen)	7.26	6.64	9%
Cost / ASK-ex Fuel (US cents)	1.84	1.69	9%
Aircraft (end of period)	80	81	-1%
Average Stage Length (km)	1,247	1,217	2%
Number of Flights	167,002	155,962	7%
Fuel Consumed (Barrels)	6,267,403	5,629,921	11%
Average Fuel Price (US\$ / Barrel)	81	102	-20%

Exchange Rate: RM:USD – 3.9403 - prior year US cent figures are restated at the current year average exchange rate



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NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2015

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 2014.

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 2014.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2015 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 2014. The adoption of the standards applicable to the Group that came into effect on 1 January 2015 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 2014 in their report dated 22 April 2015.

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 85% in the quarter under review, which was 7 percentage points higher than the same period last year. Compared against the immediate preceding quarter (third quarter July – September 2015), the load factor has improved 3 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 2015, 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 period ended 31 December 2015.

8. Dividend paid

No dividends were declared or approved in the quarter ended 31 December 2015.

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 2015 are as follows:

Income Statement for the Quarter ended 31 December 2015

	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	341,368	208,600	135,118	-	(392,267)	3,378,420
Operating expenses								-
- Staff costs	(215,727)	(128,367)	(48,044)	(36,448)	(22,451)	(14,100)		(465,137)
- Depreciation of property, plant and equipment	(183,847)	(34,407)	(7,380)	(9,580)	(819)	(356)		(236,389)
- Aircraft fuel expenses	(526,601)	(297,677)	(118,971)	(82,771)	(47,578)	(1,096)		(1,074,695)
- Maintenance and overhaul	(64,682)	(77,557)	(46,803)	(19,313)	(11,888)	(831)	115,856	(105,217)
- User charges and other related expenses	(206,010)	(140,071)	(56,938)	(31,952)	(19,624)	(566)		(455,161)
- Aircraft operating lease expenses	(117,713)	(136,704)	(60,309)	(50,429)	(23,312)	(4,428)	276,410	(116,485)
- Other operating expenses	(89,574)	(65,960)	(23,672)	(19,790)	(28,876)	(3,978)	9,679	(222,172)
Other income	37,080	32,858	7,726	31,586	2,801	-	(9,679)	102,372
Operating profit/(loss)	800,694	69,947	(13,024)	(10,097)	(16,630)	(25,355)	-	805,536
Finance income	34,550	4,580	128	32	405	0		39,695
Finance costs	(140,913)	(14,649)	(9,221)	(4,538)	(0)	(14)		(169,336)
Net operating profit/(loss)	694,331	59,878	(22,116)	(14,603)	(16,226)	(25,368)	-	675,895
Foreign exchange (losses)/gains	(64,708)	8,080	(323,701)	3,762	(4,899)	(115)		(381,580)
Costs related to the sale and leaseback of aircraft	30,196	-	-	-	-	-		30,196
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	(345,817)	(10,841)	(21,125)	(25,483)	233,239	332,444



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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:

Statement of Financial Position as at 31 December 2015

	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
Statement of Financial Position as at 31 December 2015								
Segment Assets								
Property, plant and equipment	10,895,146	2,160,469	449,194	226,110	23,202	11,301	-	13,765,422
Deposits, cash and bank balances	2,431,140	898,178	32,576	13,777	34,900	21,349	-	3,431,921
Other assets	7,952,571	397,322	1,023,025	1,316,991	34,988	27,573	(3,283,339)	7,469,131
	21,278,857	3,455,968	1,504,795	1,556,879	93,089	60,223	(3,283,339)	24,666,473
Segment Liabilities								
Borrowings	(12,616,599)	(1,672,237)	(494,425)	(379,597)	-	-	2,016,384	(13,146,474)
Others	(4,214,914)	(918,247)	(1,421,580)	(2,776,956)	(168,859)	(9,378)	3,012,957	(6,496,976)
	(16,831,513)	(2,590,483)	(1,916,005)	(3,156,553)	(168,859)	(9,378)	5,029,342	(19,643,450)
	-	-	-	-	-	-	-	-
Segment net assets/(liabilities)	4,447,344	865,485	(411,210)	(1,599,674)	(75,770)	50,845	1,746,003	5,023,023
Share capital	278,297	48,681	50,976	99,780	121,855	67,380	(388,672)	278,297
Reserves	4,169,047	816,804	(462,186)	(1,699,454)	(197,625)	(16,535)	2,134,675	4,744,726
Capital and Reserves	4,447,344	865,485	(411,210)	(1,599,674)	(75,770)	50,845	1,746,003	5,023,023



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9. Segment reporting (continued)

Note (a): Reconciliation of segment revenue to reported revenue:

	Quarter ended 31/12/2015 RM million
Segment revenue	3,378
Add: Inter-segment revenue	392
Less: Revenue from affiliates which are not consolidated with AirAsia Berhad Group	(1,602)
Reported revenue of AirAsia Berhad	<u>2,168</u>

Note (b): Reconciliation of segment loss before taxation to reported loss before taxation:

	Quarter ended 31/12/2015 RM million
Segment profit before taxation	332
Add: Expenses from affiliates which are not consolidated	103
Reported profit before taxation of AirAsia Berhad	<u>435</u>

Note (c): Reconciliation of segment net assets

	Quarter ended 31/12/2015 RM million
Segment net assets	5,023
Less: Net assets of affiliates which are not consolidated	(576)
Reported net assets of AirAsia Berhad	<u>4,447</u>

10. Revenue

	Quarter ended 31/12/2015 RM million	Quarter ended 31/12/2014 RM million
Passenger seat sales	1,132.9	821.0
Baggage fees	135.4	123.0
Aircraft operating lease income	727.9	205.3
Surcharges and fees	17.5	192.2
Other revenue	154.1	136.7
	<u>2,167.8</u>	<u>1,478.2</u>

Included in aircraft operating lease income in the current quarter is maintenance service revenue which was not recognised previously due to uncertainty in the recoverability of the amount. With the improve clarity on the collectability of the amount, Management has decided



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10. Revenue (continued)

to recognise the maintenance service revenue in the current quarter.

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

11. Other Income

	Quarter ended 31/12/2015 RM million	Quarter ended 31/12/2014 RM million
Loss on disposal of property, plant and equipment	(2.9)	1.8
Others	40.0	42.4
	<u>37.1</u>	<u>44.2</u>

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

12. Aircraft sale and leaseback transactions

In the previous financial period, the Board approved the sale and leaseback of 16 vintage A320 aircraft in view of the incoming delivery of Airbus A320neo aircraft starting 2016. A total of 16 transactions have been completed to date and RM24.6 million finance costs related to these transactions have been recognized in the income statement in the quarter under review. In addition to the expected reduction in borrowings by approximately RM1.2bil, a total of RM0.2 bil net cash proceeds is also expected to be generated as a result of these transactions.

13. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 31 December 2015 as compared to 30 September 2015 as follows:

	Quarter ended 31/12/2015 RM million	Quarter ended 30/9/2015 RM million
Fair value loss in the period	(9.6)	(43.4)
Amount transferred to income statement	83.6	(535.5)
	<u>74.0</u>	<u>(578.9)</u>

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



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14. Disclosure of Realised and Unrealised Profits

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

	As at 31/12/2015 RM million	As at 31/12/2014 RM million
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	5,544,144	2,906,177
Unrealised	(1,472,105)	(91,609)
	<u>4,072,039</u>	<u>2,814,568</u>
Total share of accumulated gains/(losses) from associates		
Realised	(821,969)	3,521
Total share of accumulated gains/(losses) from jointly controlled entities		
Realised	105,438	79,946
Total group retained profit as per consolidated accounts	<u><u>3,355,508</u></u>	<u><u>2,898,035</u></u>

15. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 31 December 2015, the Group acquired property, plant and equipment with a cost of RM8.8 million (quarter ended 31 December 2014: RM138.2 million).

During the quarter ended 31 December 2015, proceeds from disposal of property, plant and equipment totaled RM1.8 million (quarter ended 31 December 2014 RM32.0 million).



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(b) revaluation

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

(c) impairment

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

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 period ended 31 December 2015 as at the date of this report.

17. Changes in composition of the Group

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

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 2014.

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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31/12/2015</u>	<u>31/12/2014</u>
	RM'000	RM'000
Approved and contracted for	76,312,562	50,562,107
Approved but not contracted for	17,760,147	15,734,250
	-----	-----
	94,072,709	66,296,357
	=====	=====



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

These following items have been included in the Income Statement

	Quarter ended 31/12/2015 RM million	Quarter ended 31/12/2014 RM million
Thai AirAsia		
Lease rental income on aircraft	131,359	93,437
Indonesia AirAsia		
Lease rental income on aircraft	62,574	82,327
Philippines AirAsia		
Lease rental income on aircraft	22,545	21,987
India AirAsia		
Lease rental income on aircraft	22,067	6,882
AirAsia X Berhad		
Services charged to AirAsia X Berhad	1,777	2,068
Asian Aviation Centre of Excellence Sdn Bhd		
Training costs charged to AirAsia Berhad	(2,937)	(3,243)



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22. Review of performance

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

Quarter Ended: 31 December RM'000	Oct - Dec 2015	Oct - Dec 2014
Revenue	2,167,768	1,478,193
Operating expenses:		
- Staff costs	(215,727)	(198,815)
- Depreciation of property, plant and equipment	(183,847)	(184,829)
- Aircraft fuel expenses	(526,601)	(620,859)
- Maintenance and overhaul expenses	(64,682)	(42,380)
- User charges and other related expenses	(206,010)	(142,096)
- Aircraft operating lease expenses	(117,713)	(47,546)
- Other operating expenses	(89,574)	(72,895)
Other income	37,080	44,189
Operating Profit	800,694	212,962
Finance Income	34,550	37,376
Finance Costs	(140,913)	(153,872)
Net Operating Profit	694,331	96,466
Foreign exchange (loss)/gain	(103,389)	(647,560)
Foreign exchange gain on amounts due from associates and jointly-controlled entities	38,681	145,775
Costs related to the sale and leaseback of aircraft	30,196	-
Share of results of jointly controlled entities	4,013	2,643
Share of results of associates:		
Thai AirAsia	29,071	35,872
Indonesia AirAsia		
- Current year results	(172,709)	-
India AirAsia	-	(11,809)
Japan AirAsia	(11,672)	(9,642)
Philippines AirAsia	(77,929)	-
Others	3,920	(3,731)
Profit/(loss) before tax	434,513	(391,986)
Current Taxation	(4,968)	(8,646)
Deferred taxation	124,653	(27,877)
Profit/(loss) after tax	554,198	(428,509)
EBITDAR	1,132,450	445,337
EBITDAR Margin	52%	30%
EBIT Margin	38%	14%



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The Group recorded revenue of RM2,167.8 million for the quarter ended 31 December 2015 (“4Q15”), 47% higher than the revenue of RM1,478.2 million recorded in the quarter ended 31 December 2014 (“4Q14”). The revenue was supported by a 10% growth in passenger volume while the average fare was up 4% at RM177 as compared to RM171 achieved in 4Q14. Ancillary income per passenger increased by 4% to RM49 year-on-year. The seat load factor was at 85% which was 7 percentage points higher than the same period last year.

The profit before tax for the period was RM434.5 million compared to loss before tax of RM392.0 million in the same quarter of 2014 while the profit after tax for the period was RM554.2 million compared to a loss after tax of RM428.5 million in the same quarter of 2014. The growth in 4Q15 net profits is mainly attributable to the revenue growth during the quarter of 47% and a 21% reduction in the average fuel price from USD95 per barrel in 4Q14 to USD75 per barrel in 4Q15.



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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 RM'000	Jan - Dec 2015	Jan - Dec 2014
Revenue	6,299,064	5,415,744
Operating expenses:		
- Staff costs	(758,986)	(667,277)
- Depreciation of property, plant and equipment	(703,245)	(719,497)
- Aircraft fuel expenses	(2,000,650)	(2,254,237)
- Maintenance and overhaul expenses	(196,883)	(149,411)
- User charges and other related expenses	(685,013)	(545,279)
- Aircraft operating lease expenses	(330,790)	(198,280)
- Other operating expenses	(270,532)	(233,760)
Other income	230,378	178,029
Operating Profit	1,583,343	826,032
Finance Income	122,842	121,869
Finance Costs	(610,626)	(533,967)
Net Operating Profit	1,095,559	413,934
Foreign exchange (loss)/gain	(933,047)	(609,085)
Foreign exchange gain on amounts due from	601,708	190,293
Gain on disposal of interest in AirAsia		
Expedia Travel	320,500	-
Costs related to the sale and leaseback of	(69,717)	-
Share of results of jointly controlled entities	25,492	57,266
Share of results of associates:		
Thai AirAsia	94,019	6,081
Indonesia AirAsia		
- Current year results	(332,350)	-
- Prior year unabsorbed losses	(465,374)	-
India AirAsia	(29,741)	(22,415)
Japan AirAsia	(28,611)	(9,642)
Philippines AirAsia	(77,929)	-
Others	14,496	(3,731)
Profit before tax	215,005	22,701
Current Taxation	(35,852)	(25,638)
Deferred taxation	361,809	85,773
Profit after tax	540,962	82,836
EBITDAR	2,547,661	1,743,809
EBITDAR Margin	40%	32%
EBIT Margin	24%	15%



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22. Review of performance (continued)

The Group recorded revenue of RM6,299.1 million for the financial year ended 31 December 2015 (“4Q15”), 16% higher than the revenue of RM5,415.7 million recorded in the financial year ended 31 December 2014 (“4Q14”). The revenue was supported by a 10% growth in passenger volume despite the lower average fare RM157 in 2015. Ancillary income per passenger increased by 2% to RM47 year-on-year. The seat load factor was at 81% which was 2 percentage points higher than the same period last year.

The profit before tax for the year was RM215.0 million compared to RM22.7 million in the financial year ended 31 December 2014 while the profit after tax for the year was RM541.0 million compared to a profit after tax of RM82.8 million in 2014. Despite the improvements in revenue and operating profits for the year, profits before tax of the Group was negatively impacted from the recognition of current and prior year losses of Indonesia AirAsia of RM797.7 million in 2015. During the year, AirAsia Berhad have subscribed to IDR2,058 billion nominal value perpetual capital securities in Indonesia AirAsia. This has increased total investment in Indonesia AirAsia and as such, in accordance with the Malaysian Accounting Standards Board MFRS128, all prior year unrecognized losses and current year losses of RM797.7 million from Indonesia AirAsia were recognized in the 2015 Consolidated Income Statement of AirAsia Berhad.

Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	Oct - Dec 2015	July - Sept 2015
Cash from Operations	157,314	1,360,582
Cash from Investing Activities	537,130	(416,949)
Cash from Financing Activities	(695,640)	(614,064)
Net Cash Flow	(1,196)	329,569

The Group’s cash from operations was RM157.3 billion, compared to RM1.4 billion in the immediate preceding quarter ended 30 September 2015. Net cash flow in the quarter amounted to a RM1.2 million inflow, as cash in flows from operating and investing activities exceeded financing cash out flows.

Balance sheet commentary for current quarter

Balance Sheet RM million	December 2015	September 2015
Total Debt	12,617	13,776
Cash	2,431	2,400
Net Debt	10,186	11,376
Net Gearing	2.29	2.98

The Group’s total debt as of end of December 2015 was RM12.6 billion. The Group’s net debt after offsetting the cash balances amounted to RM10.2 billion.



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23. Associate Companies and Jointly Controlled Entities

i) Associate Company - Thai AirAsia

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

Thai AirAsia recorded revenue of THB7,678.7 million in 4Q15, 3% lower compared to the THB7,876.1 million achieved in 4Q14. The decrease in revenue is attributed to the decrease in average fare and ancillary income per pax. Ancillary income per passenger decreased by 9% year-on-year. Passengers carried by Thai AirAsia increased as capacity rose 12% year-on-year while the seat load factor increased 3ppt to 82%.

Thai AirAsia achieved an operating profit of THB585.2 million in 4Q15, compared to an operating profit of THB855.5 million in 4Q14. Thai AirAsia achieved a net profit of THB543.0 million in 4Q15, compared to a net profit of THB799.7 million in 4Q14.

In the full year 2015, Thai AirAsia recorded revenue of THB29,594.4 million, 17% higher compared to the THB25,355.5 million achieved in FY14. The positive growth in revenue is attributed to higher passenger volumes which increased by 22% year-on-year despite a 4% decrease in the year-on-year unit passenger revenue. Ancillary income per passenger decreased 9% year-on-year. Passengers carried by Thai AirAsia increased as capacity rose 19% year-on-year while the seat load factor increased 1ppt to 81%.

Thai AirAsia achieved an operating profit of THB2,801.4 million in FY15, compared to an operating profit of THB300.7 million in FY14. Thai AirAsia achieved a net profit of THB2,014.4 million in FY15, compared to a net profit of THB344.6 million in FY13.

AirAsia Berhad has equity accounted RM29.1 million in 4Q15, as reflected in the AirAsia Berhad income statement. In the full year 2015, AirAsia Berhad has equity accounted RM94.0 million in the income statement.



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

Quarter Ended: 31 December	Oct - Dec 2015	Oct - Dec 2014	Change y-o-y
Passengers Carried	4,024,150	3,435,000	17%
Capacity	4,886,280	4,344,840	12%
Seat Load Factor	82%	79%	3 ppt
RPK (million)	3,953	3,550	11%
ASK (million)	4,826	4,378	10%
Average Fare (THB)	1,586	1,941	-18%
Ancillary Income Per Pax (THB)	326	360	-9%
Unit Passenger Revenue (THB)	1,912	2,301	-17%
Revenue / ASK (THB)	1.59	1.80	-12%
Revenue / ASK (US cents)	4.44	5.02	-12%
Cost / ASK (THB)	1.47	1.60	-8%
Cost / ASK (US cents)	4.10	4.47	-8%
Cost / ASK-ex Fuel (THB)	0.95	0.88	8%
Cost / ASK-ex Fuel (US cents)	2.66	2.45	8%
Aircraft (end of period)	45	40	13%
Average Stage Length (km)	988	1,008	-2%
Number of Flights	27,146	24,138	12%
Fuel Consumed (Barrels)	896,555	767,651	17%
Average Fuel Price (US\$ / Barrel)	77	115	-33%

Exchange Rate: USD:THB – 35.9 - prior year US cents figures are restated at the current period average exchange rate

Definition and calculation methodology

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



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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014	Change y-o-y
Passengers Carried	14,849,422	12,213,697	22%
Capacity	18,221,580	15,313,320	19%
Seat Load Factor	81%	80%	1 ppt
RPK (million)	14,872	12,420	20%
ASK (million)	18,116	15,419	17%
Average Fare (THB)	1,669	1,726	-3%
Ancillary Income Per Pax (THB)	327	359	-9%
Unit Passenger Revenue (THB)	1,996	2,085	-4%
Revenue / ASK (THB)	1.63	1.64	-1%
Revenue / ASK (US cents)	4.74	4.77	-1%
Cost / ASK (THB)	1.48	1.62	-9%
Cost / ASK (US cents)	4.29	4.72	-9%
Cost / ASK-ex Fuel (THB)	0.94	0.89	5%
Cost / ASK-ex Fuel (US cents)	2.72	2.59	5%
Aircraft (end of period)	45	40	13%
Average Stage Length (km)	995	1,008	-1%
Number of Flights	101,231	85,074	19%
Fuel Consumed (Barrels)	3,312,789	2,719,320	22%
Average Fuel Price (US\$ / Barrel)	86	120	-28%

Exchange Rate: USD:THB – 34.5 - prior year US cents figures are restated at the current year average exchange rate



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

Quarter Ended: 31 December THB'000	Oct - Dec 2015	Oct - Dec 2014
Revenue	7,678,723	7,876,112
Operating expenses:		
- Staff costs	(1,073,940)	(877,887)
- Depreciation of property, plant and equipment	(287,855)	(241,635)
- Aircraft fuel expenses	(2,490,407)	(3,171,225)
- Maintenance & overhaul	(648,851)	(461,649)
- User charges and other related expenses	(1,171,852)	(1,030,605)
- Aircraft operating lease expenses	(1,143,689)	(944,051)
- Other operating expenses	(551,830)	(436,083)
Other income	274,891	142,525
Operating profit/(loss)	585,190	855,502
Finance Income	38,313	38,101
Finance Costs	(122,559)	(79,146)
Net operating profit/(loss)	500,944	814,457
Foreign exchange (loss)/profit	67,600	17,679
Profit before tax	568,544	832,136
Taxation	(9,113)	(9,510)
Deferred taxation	(16,468)	(22,906)
Profit after tax	542,963	799,720
EBITDAR	2,016,734	2,041,188
EBITDAR Margin	26%	26%
EBIT Margin	8%	11%



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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014
THB'000		
Revenue	29,594,432	25,355,515
Operating expenses:		
- Staff costs	(3,372,671)	(2,807,225)
- Depreciation of property, plant and equipment	(1,106,723)	(804,197)
- Aircraft fuel expenses	(9,830,407)	(11,272,296)
- Maintenance, overhaul, user charges and other related expenses	(2,337,955)	(1,861,853)
- Aircraft operating lease expenses	(4,735,486)	(3,536,692)
- Other operating expenses	(4,147,355)	(3,750,884)
- Other operating expenses	(1,910,342)	(1,533,872)
Other income	647,906	512,218
Operating Profit	2,801,399	300,714
Finance Income	118,608	168,295
Finance Costs	(481,078)	(218,223)
Net operating profit/(loss)	2,438,929	250,786
Foreign exchange (loss)/profit	(232,752)	126,032
Profit before tax	2,206,177	376,818
Taxation	(31,680)	9,877
Deferred taxation	(160,136)	(42,065)
Profit after tax	2,014,361	344,630
EBITDAR	8,055,477	4,855,795
EBITDAR Margin	27%	19%
EBIT Margin	9%	1%



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Balance Sheet

Quarter Ended: 31 December THB'000	Dec 2015	Dec 2014
Property, Plant & Equipment	18,135,082	15,932,386
Intangible assets, net	12,195	11,460
Other non current assets	1,001,821	812,678
Inventory	92,596	75,603
Other Debtors & Prepayments	1,882,062	1,027,296
Amounts due from related parties	328,194	68,163
Cash & Short Term Deposits	7,557,622	7,761,743
Total Assets	29,009,572	25,689,329
Sales In Advance	4,030,229	4,629,227
Other Creditors & Accruals	2,253,575	1,957,634
Amounts Owing to Related Party	919,863	472,709
Deferred tax liabilities	511,948	351,812
Finance lease liabilities	14,036,839	12,076,968
Total Liabilities	21,752,454	19,488,350
Share Capital	435,556	435,556
Share Premium	2,628,786	2,628,786
Retained Earnings	4,192,776	3,136,637
Total Equity	7,257,118	6,200,979

ii) Associate Company - Indonesia AirAsia

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

Indonesia AirAsia recorded revenue of IDR1,097.4 billion in 4Q15, 37% lower as compared to the IDR 1,731.9 billion achieved in 4Q14. The drop in revenue is mainly attributable to the reduction in fleet size operated by Indonesia AirAsia from 30 aircraft to 17 aircraft in 4Q15. Passengers carried by Indonesia AirAsia decreased as capacity decreased 34% year-on-year while the seat load factor remained at 80% consistent with 4Q14.



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Indonesia AirAsia recorded an operating loss of IDR41.9 billion in 4Q15, compared to an operating loss of IDR52.3 billion in 4Q14. Indonesia AirAsia recorded a net loss of IDR1,086.1 billion in 4Q15 as compared to a net loss of IDR194.1 billion in 4Q14.

In the full year 2015, Indonesia AirAsia recorded revenue of IDR5,023.7 billion, 21% lower as compared to the IDR6,340.5 billion achieved in FY14. The drop in revenue can be attributed to lower passenger volumes which decreased by 22% year-on-year. Unit passenger revenue increased 3% year-on-year and ancillary income per passenger increased by 8% year-on-year. Passengers carried by Indonesia AirAsia decreased as capacity decreased 18% year-on-year while the seat load factor decreased 4 ppt to 74% in FY2015.

Indonesia AirAsia recorded an operating loss of IDR885.2 billion in FY15, compared to an operating loss of IDR635.8 billion in FY14. Indonesia AirAsia recorded a net loss of IDR2,327.1 billion in FY15 as compared to a net loss of IDR883.5 billion in FY14.

In the previous quarter, AirAsia Berhad subscribed to IDR2,058 billion nominal value perpetual capital securities in Indonesia AirAsia. This has increased total investment in Indonesia AirAsia and as such, all prior year unrecognized and current year losses of RM797.7 million from Indonesia AirAsia were recognized in the income statement of AirAsia Berhad in 2015. Total AirAsia Berhad share of losses from Indonesia AirAsia in 4Q15 amounted to RM172.7 million.



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

Quarter Ended: 31 December	Oct - Dec 2015	Oct - Dec 2014	Change y-o-y
Passengers Carried	1,284,829	1,919,789	-33%
Capacity	1,604,700	2,413,440	-34%
Seat Load Factor	80%	80%	0 ppt
RPK (million)	1,849	2,303	-20%
ASK (million)	2,318	2,896	-20%
Average Fare (IDR)	700,179	723,648	-3%
Ancillary Income Per Pax (IDR)	174,061	180,434	-4%
Unit Passenger Revenue (IDR)	874,240	904,082	-3%
Revenue / ASK (IDR)	473.48	597.94	-21%
Revenue / ASK (US cents)	3.44	4.34	-21%
Cost / ASK (IDR)	491.55	616.01	-20%
Cost / ASK (US cents)	3.57	4.47	-20%
Cost / ASK-ex Fuel (IDR)	326.53	307.48	6%
Cost / ASK-ex Fuel (US cents)	2.37	2.23	6%
Aircraft (end of period)	17	30	-43%
Average Stage Length (km)	1,323	1,190	11%
Number of Flights	8,915	13,411	-34%
Fuel Consumed (Barrels)	371,848	491,447	-24%
Average Fuel Price (US\$ / Barrel)	75	132	-43%

Exchange Rate: USD:IDR – 13,770 - prior year US cents figures are restated at the current period average exchange rate



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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014	Change y-o-y
Passengers Carried	6,097,771	7,850,065	-22%
Capacity	8,228,160	10,041,300	-18%
Seat Load Factor	74%	78%	-4 ppt
RPK (million)	8,354	9,150	-9%
ASK (million)	11,135	11,664	-5%
Average Fare (IDR)	662,871	651,225	2%
Ancillary Income Per Pax (IDR)	169,667	157,721	8%
Unit Passenger Revenue (IDR)	832,537	808,946	3%
Revenue / ASK (IDR)	451.15	543.66	-17%
Revenue / ASK (US cents)	3.35	4.04	-17%
Cost / ASK (IDR)	530.65	598.18	-11%
Cost / ASK (US cents)	3.94	4.44	-11%
Cost / ASK-ex Fuel (IDR)	340.77	322.67	6%
Cost / ASK-ex Fuel (US cents)	2.53	2.40	6%
Aircraft (end of period)	17	30	-43%
Average Stage Length (km)	1,254	1,181	6%
Number of Flights	45,712	55,796	-18%
Fuel Consumed (Barrels)	1,749,959	1,994,156	-12%
Average Fuel Price (US\$ / Barrel)	90	120	-25%

Exchange Rate: USD:IDR – 13,466 - prior year US cents figures are restated at the current period average exchange rate



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

Quarter Ended: 31 December IDR million	Oct - Dec 2015	Oct - Dec 2014
Revenue	1,097,411	1,731,890
Operating expenses:		
- Staff costs	(154,448)	(167,411)
- Depreciation	(23,725)	(25,396)
- Aircraft fuel expenses	(382,463)	(893,630)
- Aircraft operating lease expense	(193,878)	(304,575)
- Maintenance & overhaul	(150,459)	(203,488)
- User charges and other related expenses	(183,042)	(82,129)
- Other operating expenses	(76,100)	(104,577)
Other income	24,837	(3,027)
Operating loss	(41,867)	(52,343)
Finance Income	412	639
Finance Costs	(29,644)	(85,987)
Net operating loss	(71,099)	(137,691)
Foreign exchange (loss)/gain	(1,040,616)	47,086
Loss before tax	(1,111,715)	(90,605)
Taxation	1,163	(103,509)
Deferred taxation	24,434	-
Loss after tax	(1,086,118)	(194,114)
EBITDAR	175,736	277,628
EBITDAR Margin	16%	16%
EBIT Margin	-4%	-3%



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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014
IDR million		
Revenue	5,023,661	6,340,510
Operating expenses:		
- Staff costs	(673,350)	(707,643)
- Depreciation	(98,426)	(99,404)
- Aircraft fuel expenses	(2,114,335)	(3,213,126)
- Aircraft operating lease expense	(1,153,303)	(1,181,848)
- Maintenance & overhaul	(769,966)	(699,719)
- User charges and other related expenses	(818,978)	(696,970)
- Other operating expenses	(341,174)	(388,891)
Other income	60,670	11,253
Operating loss	(885,201)	(635,838)
Finance Income	2,729	1,726
Finance Costs	(200,281)	(229,725)
Net operating loss	(1,082,753)	(863,837)
Foreign exchange loss	(1,270,024)	(19,681)
Loss before tax	(2,352,777)	(883,518)
Taxation	1,203	(103,509)
Deferred taxation	24,434	-
Loss after tax	(2,327,140)	(987,027)
EBITDAR	366,528	645,414
EBITDAR Margin	7%	10%
EBIT Margin	-18%	-10%



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Balance Sheet

Year Ended: 31 December IDR million	Dec 2015	Dec 2014
Property, Plant & Equipment	1,442,499	1,497,196
Investment	2,142,000	-
Inventory	24,115	241,338
Other Debtors & Prepayments	592,173	514,747
Amounts Owing from Related Parties	55,290	34,696
Deferred tax assets	112,671	88,236
Maintenance Reserves	358,994	277,516
Cash & Short Term Deposits	104,612	215,540
Total Assets	4,832,354	2,869,269
Sales In Advance	537,523	187,307
Other Creditors & Accruals	563,439	821,776
Amounts Owing to Related Party	3,464,162	3,407,205
Finance lease payable	1,587,749	1,634,325
Total Liabilities	6,152,873	6,050,613
Share Capital	180,000	180,000
Perpetual Capital Security	4,200,000	-
Retained Earnings	(5,700,520)	(3,361,344)
Total Equity	(1,320,520)	(3,181,344)

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

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

AirAsia Philippines recorded revenue of PHP2,285.8 million in 4Q15, 51% higher as compared to the PHP1,517.1 million achieved in 4Q14. The increase in revenue can be attributed to higher passenger volumes which increased by 47% year-on-year and the 21% increase in the year-on-year RASK. Ancillary income per passenger decreased by 17% year-on-year. Passengers carried by AirAsia Philippines increased as capacity increased 30% year-on-year while the seat load factor increased by 9 percentage points to 81% as compared to 4Q14.

AirAsia Philippines recorded an operating loss of PHP0.1 billion in 4Q15, compared to an operating loss of PHP1.1 billion in 4Q14. The net loss position of AirAsia Philippines was PHP118.8 million as compared to PHP1.3 billion loss in 3Q14.



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In the full year 2015, AirAsia Philippines recorded revenue of PHP8,929.2 billion, 18% higher as compared to the PHP7,540.7 billion achieved in FY14. The positive growth in revenue can be attributed to the increase in the number of passengers carried by 19% as capacity increase 3% year-on-year. Ancillary income per passenger increased by 2% year-on-year. Seat load factor increased 11 percentage points to 81%

AirAsia Philippines recorded an operating loss of PHP2,076.5 billion in FY15, compared to an operating loss of PHP5,182.3 billion in FY14. AirAsia Philippines recorded a net loss of PHP3,091.0 billion in FY15 as compared to a net loss of PHP5,755.1 billion in FY14.

AirAsia Inc recorded a net loss of RM6.8 million in the quarter under review and a net loss of RM70.8 million in the full year 2015. A total of RM78.0 million of previously unrecognized losses have been equity accounted in the AirAsia Berhad income statement in the current financial period.

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

Quarter Ended: 31 December	Oct - Dec 2015	Oct - Dec 2014	Change y-o-y
Passengers Carried	871,225	593,836	47%
Capacity	1,077,480	828,360	30%
Seat Load Factor	81%	72%	9 ppt
RPK (million)	921	627	47%
ASK (million)	1,135	912	25%
Average Fare (PHP)	2,153	1,986	8%
Ancillary Income Per Pax (PHP)	439	532	-17%
Unit Passenger Revenue (PHP)	2,593	2,517	3%
Revenue / ASK (PHP)	2.01	1.66	21%
Revenue / ASK (US cents)	4.29	3.55	21%
Cost / ASK (PHP)	2.11	2.83	-25%
Cost / ASK (US cents)	4.50	6.03	-25%
Cost / ASK-ex Fuel (PHP)	1.31	3.04	-57%
Cost / ASK-ex Fuel (US cents)	2.79	6.48	-57%
Aircraft (end of period)	14	15	-7%
Average Stage Length (km)	1,055	1,109	-5%
Number of Flights	5,986	4,602	30%
Fuel Consumed (Barrels)	233,365	173,372	35%
Average Fuel Price (US\$ / Barrel)	83	91	-9%

Exchange Rate: USD:PHP – 46.9 - prior year US cents figures are restated at the current period average exchange rate



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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014	Change y-o-y
Passengers Carried	3,592,813	3,030,602	19%
Capacity	4,461,300	4,327,560	3%
Seat Load Factor	81%	70%	11 ppt
RPK (million)	3,574	3,090	16%
ASK (million)	4,476	4,646	-4%
Average Fare (PHP)	1,985	2,016	-2%
Ancillary Income Per Pax (PHP)	448	438	2%
Unit Passenger Revenue (PHP)	2,433	2,454	-1%
Revenue / ASK (PHP)	1.99	1.62	23%
Revenue / ASK (US cents)	4.38	3.56	23%
Cost / ASK (PHP)	2.46	2.74	-10%
Cost / ASK (US cents)	5.39	6.01	-10%
Cost / ASK-ex Fuel (PHP)	1.54	1.76	-13%
Cost / ASK-ex Fuel (US cents)	3.37	3.86	-13%
Aircraft (end of period)	14	15	-7%
Average Stage Length (km)	1,006	1,085	-7%
Number of Flights	24,785	24,042	3%
Fuel Consumed (Barrels)	909,610	876,745	4%
Average Fuel Price (US\$ / Barrel)	100	114	-12%

Exchange Rate: USD:PHP – 45.6 - prior year US cents figures are restated at the current period average exchange rate



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

Quarter Ended: 31 December	Oct - Dec 2015	Oct - Dec 2014
PHP'000		
Revenue	2,285,834	1,517,142
Operating expenses:		
- Staff costs	(399,396)	(534,890)
- Depreciation of property, plant and equipment	(104,974)	(12,343)
- Aircraft fuel expenses	(907,008)	193,746
- Maintenance & overhaul	(211,631)	(473,028)
- User charges and other related expenses	(350,132)	(949,718)
- Aircraft operating lease expenses	(552,596)	(479,473)
- Other operating expenses	(216,860)	(827,923)
Other income	346,120	505,607
Operating loss	(110,643)	(1,060,880)
Finance Income	351	105
Finance Costs	(49,728)	(145,452)
Net operating loss	(160,020)	(1,206,227)
Foreign exchange loss	41,229	(75,511)
Profit before tax	(118,791)	(1,281,738)
Taxation	-	-
Profit after tax	(118,791)	(1,281,738)
EBITDAR	546,927	-569,064
EBITDAR Margin	24%	-38%
EBIT Margin	-5%	-70%



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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014
PHP'000		
Revenue	8,929,439	7,540,707
Operating expenses:		
- Staff costs	(1,467,069)	(1,836,240)
- Depreciation of property, plant and equipment	(423,532)	(44,412)
- Aircraft fuel expenses	(4,131,932)	(4,538,022)
- Maintenance, overhaul, user charges and other related expenses	(1,667,778)	(1,890,731)
- Aircraft operating lease expenses	(1,219,340)	(1,681,586)
- Other operating expenses	(1,974,807)	(2,019,078)
- Other operating expenses	(679,693)	(1,327,752)
Other income	558,227	614,758
Operating loss	(2,076,485)	(5,182,356)
Finance Income	577	381
Finance Costs	(392,947)	(448,169)
Net operating loss	(2,468,855)	(5,630,144)
Foreign exchange loss	(622,189)	(124,970)
Profit before tax	(3,091,044)	(5,755,114)
Taxation	-	-
Profit after tax	(3,091,044)	(5,755,114)
EBITDAR	321,854	-3,118,866
EBITDAR Margin	4%	-41%
EBIT Margin	-23%	-69%



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Balance Sheet

Year Ended: 31 December PHP'000	Dec 2015	Dec 2014
Property, Plant & Equipment	2,468,158	2,839,926
Inventory	126,876	103,107
Other Debtors & Prepayments	1,023,394	8,401,954
Cash & Short Term Deposits	150,390	184,417
Total Assets	3,768,818	11,529,405
Sales In Advance	1,102,599	1,238,706
Other Creditors & Accruals	6,044,030	11,446,669
Amounts Owing to Related Party	13,971,156	11,691,150
Long Term Liabilities	112,627	1,523,386
Total Liabilities	21,230,412	25,899,910
Share Capital	768,589	768,589
Preference shares	423,922	423,922
Other reserves	(4,796)	(42,531)
Retained Earnings	(18,649,309)	(15,520,486)
Total Equity	(17,461,594)	(14,370,506)

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 INR2,084.6.0 billion in 4Q15, compared to the INR0.6 billion achieved in 4Q14 as operations commenced in June 2014. The number of passengers carried increased 134% which contributed to a unit passenger revenue of INR4,118. Ancillary income per passenger was at INR492 while the seat load factor was at 84%.

AirAsia India recorded a net loss of RM23.4 million (quarter ended 31 December 2014: RM12.7 million) in the quarter under review out of which RM Nil is equity accounted in the AirAsia Berhad income statement.



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In the full year 2015, AirAsia India recorded revenue of INR5,221.4 billion, 517% higher as compared to the IDR846.8 billion achieved in FY14. The number of passengers carried increased 324% which contributed to a unit passenger revenue of INR3,563. Ancillary income per passenger was at INR410 while the seat load factor was at 81%.

AirAsia India recorded a net loss of RM108.0 million in 2015 out of which RM29.7 is equity accounted in the AirAsia Berhad income statement. As the Group's interest in AirAsia India has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM23.2 million of unrecognized losses have been reversed.

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

Quarter Ended: 31 December	Oct - Dec 2015	Oct - Dec 2014	Change y-o-y
Passengers Carried	508,407	217,209	134%
Capacity	607,680	260,280	133%
Seat Load Factor	84%	83%	1 ppt
RPK (million)	625	175	257%
ASK (million)	743	208	256%
Average Fare (INR)	3,626	3,242	12%
Ancillary Income Per Pax (INR)	492	211	133%
Unit Passenger Revenue (INR)	4,118	3,453	19%
Revenue / ASK (sen)	284.95	298.78	-5%
Revenue / ASK (US cents)	4.31	4.52	-5%
Cost / ASK (sen)	319.47	463.06	-31%
Cost / ASK (US cents)	4.83	7.01	-31%
Cost / ASK-ex Fuel (sen)	220.20	291.67	-25%
Cost / ASK-ex Fuel (US cents)	3.33	4.41	-25%
Aircraft (end of period)	6	3	100%
Average Stage Length (km)	1,226	759	62%
Number of Flights	3,376	1,446	133%

Exchange Rate: USD:INR – 66.1 - prior year US cents figures are restated at the current period average exchange rate



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

Year Ended: 31 December	Jan - Dec 2015	Jan - Dec 2014	Change y-o-y
Passengers Carried	1,464,282	345,298	324%
Capacity	1,818,720	430,560	322%
Seat Load Factor	81%	80%	1 ppt
RPK (million)	1,673	249	572%
ASK (million)	2,074	306	578%
Average Fare (INR)	3,153	2,150	47%
Ancillary Income Per Pax (INR)	410	202	103%
Unit Passenger Revenue (INR)	3,563	2,352	51%
Revenue / ASK (sen)	253.33	271.71	-7%
Revenue / ASK (US cents)	3.94	4.23	-7%
Cost / ASK (sen)	333.49	591.89	-44%
Cost / ASK (US cents)	5.19	9.21	-44%
Cost / ASK-ex Fuel (sen)	223.09	409.21	-45%
Cost / ASK-ex Fuel (US cents)	3.47	6.36	-45%
Aircraft (end of period)	6	3	100%
Average Stage Length (km)	1,217	641	90%
Number of Flights	10,104	2,392	322%

Exchange Rate: USD:INR – 64.3 - prior year US cents figures are restated at the current period average exchange rate



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

Quarter Ended: 31 December INR'000	Oct - Dec 2015	Oct - Dec 2014
Revenue	2,084,649	627,102
Operating expenses:		
- Staff costs	(346,388)	(253,503)
- Depreciation of property, plant and equipment	(12,640)	(1,347)
- Aircraft fuel expenses	(734,058)	(357,867)
- Maintenance and overhaul	(183,405)	(42,587)
- User charges and other related expenses	(302,769)	(65,150)
- Aircraft operating lease expenses	(359,666)	(129,734)
- Other operating expenses	(445,516)	(110,801)
Other income	43,222	2,197
Operating Profit	(256,571)	(331,691)
Finance Income	6,245	3,031
Finance Costs	(7)	(139)
Net operating profit	(250,333)	(328,799)
Foreign exchange (loss)/gain	(75,588)	(23,632)
Profit before tax	(325,921)	(352,431)
Taxation	(1,359)	(500)
Profit after tax	(327,280)	(352,931)
EBITDAR	115,735	(200,610)
EBITDAR Margin	6%	-32%
EBIT Margin	-12%	-53%



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

Year Ended: 31 December INR'000	Jan - Dec 2015	Jan - Dec 2014
Revenue	5,221,377	846,809
Operating expenses:		
- Staff costs	(1,246,348)	(652,881)
- Depreciation of property, plant and equipment	(45,393)	(3,633)
- Aircraft fuel expenses	(2,285,949)	(570,853)
- Maintenance and overhaul	(483,249)	(65,018)
- User charges and other related expenses	(734,134)	(94,538)
- Aircraft operating lease expenses	(1,118,228)	(267,814)
- Other operating expenses	(1,027,906)	(194,751)
Other income	57,227	2,219
Operating Profit	(1,662,603)	(1,000,459)
Finance Income	42,033	9,904
Finance Costs	(70)	(1,007)
Net operating profit	(1,620,640)	(991,562)
Foreign Exchange (loss)/gain	(128,624)	(26,202)
Profit before tax	(1,749,264)	(1,017,764)
Current Taxation	(18,869)	(1,262)
Profit after tax	(1,768,133)	(1,019,026)
EBITDAR	(498,982)	(729,012)
EBITDAR Margin	-10%	-86%
EBIT Margin	-32%	-118%



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Balance Sheet

Year Ended: 31 December INR'000	Dec 2015	Dec 2014
Property, Plant & Equipment	356,648	26,880
Work In Progress	900	7,556
Inventory	30,960	78,551
Other Debtors & Prepayments	709,211	45,894
Cash & Short Term Deposits	537,829	1,032,982
Total Assets	1,635,548	1,191,863
Sales In Advance	668,341	337,692
Other Creditors & Accruals	840,403	231,897
Amounts Owing to Related Party	1,105,826	851,590
Long Term Liabilities	5,592	-
Total Liabilities	2,620,162	1,421,179
Share Capital	1,921,500	908,664
Retained Earnings	(2,906,114)	(1,137,981)
Total Equity	(984,614)	(229,317)



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

AirAsia Japan is an associate company which is incorporated in Japan and is 49% owned by AirAsia Berhad. AirAsia Japan recorded a net loss of RM25.5 million (quarter ended 31 December 2014: RM6.0 million) in the quarter under review of which RM11.7 million (quarter ended 31 December 2014: RM9.6 million) is equity accounted in the financial statements of AirAsia Berhad. In the full year 2015, AirAsia Japan recorded a net loss of RM58.4 million of which RM28.6 million is equity accounted in the AirAsia Berhad income statement.

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

BIG is an associate company which is incorporated in Malaysia and is 47.8% owned by AirAsia Berhad. BIG recorded a net loss of RM9.8 million (quarter ended 31 December 2014: net loss of RM8.6 million) in the quarter under review and a net loss of RM27.7 million in the full year 2015 of which RMnil million is equity accounted in the AirAsia Berhad financial statement. As the Group’s interest in BIG has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM36.1 million of unrecognized losses have been reversed.

vii) Associate Company – AAE Travel Pte Ltd (‘AAE Travel’)

AAE Travel has been reclassified to investment in an associate company in the current financial period subsequent to the divestment of 25% equity interest in the share capital of AAE Travel (Note 29). AAE Travel is incorporated in Singapore and is 25% owned by AirAsia Berhad. AAE Travel recorded a net profit of RM15.2 million (quarter ended 31 December 2014: RM0.2 million) in the quarter of which RM3.9 million (quarter ended 31 December 2014: RM0.1 million) is equity accounted in the AirAsia Berhad income statement. In the full year 2015, AAE Travel recorded a net profit of RM83.2 million of which RM21.4 million is equity accounted in the AirAsia Berhad income statement.

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

AACOE is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. AACOE recorded a net profit of RM8.0 million (quarter ended 31 December 2014: RM5.0 million) in the quarter of which RM4.0 million (quarter ended 31 December 2014: RM2.5 million) is equity accounted in the AirAsia Berhad income statement. In the full year 2015, AACOE recorded a net profit of RM48.5 million of which RM24.4 million is equity accounted in the AirAsia Berhad income statement.



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24. Variation of results against preceding quarter

The Group had a profit after taxation of RM432.2 million for the quarter under review. This is RM893.9 million higher compared to RM461.7 million of loss after taxation in the immediately preceding quarter ended 30 September 2015.

25. Commentary on prospects

In Malaysia, we continue to see strong demands in the first quarter of 2016 with average load factor forecast at 84% and an improved fare environment through capacity rationalization by other players. We remain positive in the outlook of MAA in the remaining quarters of 2016, as we continue to observe strong demand from the Chinese nationals and a more favorable fuel price ahead.

In Thailand, load factor in the first quarter of 2016 is forecast to surpass similar quarter in 2015 at 84% on top of the 9% increase in capacity. As with Malaysia, we see encouraging forward bookings in 2016. TAA will continue to focus its marketing activities on domestic, China and India routes in the remaining quarters of 2016.

In Indonesia, load factor in the first quarter of 2016 is forecast at 77% which has improved significantly from 70% in the first quarter of 2015. Beyond first quarter of 2016, IAA will continue to drive the brand recovery efforts and focus on the execution of its turnaround plan in achieving a sustainable profits in 2016.

In Philippines, the current forecast of the load factor in first quarter 2016 is 88%. PAA remains on track with its turnaround plan to focus on increasing frequency of the high yielding routes and sustaining the load factors for the remaining quarters in 2016.

In India, the forward loads remain buoyant with a forecast load factor of 82% in quarter 1 2016. For the remaining quarters of 2016, 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 2016.



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26. Profit forecast

No profit forecast has been issued.

27. Finance income/(costs)

All figures in RM'000	Group and Company			
	Quarter Ended 31/12/15	Quarter Ended 31/12/14	Year to Date 31/12/15	Year to Date 31/12/14
Finance income				
Interest on amounts due from associates and JV entities	8,245	28,292	66,462	88,867
Interest on deposits	8,342	6,254	28,063	17,889
Gain from interest rate contracts	16,609	-	23,774	6,824
Other interest income	1,354	2,830	4,543	8,289
	34,550	37,376	122,842	121,869
Finance costs				
Bank borrowings	(132,049)	(149,095)	(567,416)	(522,850)
Amortisation of premiums for interest rate caps	(4,816)	(2,088)	(11,500)	(8,192)
Loss from interest rate contracts	(2,174)	(1,387)	(22,162)	-
Bank facilities and other charges	(1,874)	(1,302)	(9,548)	(2,925)
	(140,913)	(153,872)	(610,626)	(533,967)
Net cost	(106,363)	(116,496)	(487,784)	(412,098)
Foreign exchange (losses)/gains				
- realized	46,097	(57,938)	11,591	(5,339)
- unrealized	228,815	(704,532)	(1,876,828)	(707,031)
- gain/(loss) from forward foreign exchange contracts	-	37,135	111,425	(71,971)
- fair value movement recycled from cash flow hedge reserve	(378,301)	77,775	820,765	175,256
	(103,389)	(647,560)	(933,047)	(609,085)



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28. Income tax expense

Current taxation

The current taxation charge of RM5.0 million comprises tax payable on interest income.

Deferred taxation

RM124.7 million deferred tax credits arose in the current financial period. The deferred tax assets increased as the difference between the net book value and tax written down value of property, plant and equipment increased in the period. The deferred tax assets increased as Investment Allowances were retained for aircraft disposed during the quarter.

29. Unquoted investments and properties

On 16 February 2015, AirAsia Berhad, through its wholly-owned subsidiary, AirAsia Exp Pte. Ltd, entered into a Share Purchase Agreement with Expedia Inc. and Expedia Southeast Asia Pte. Ltd. to divest 6,144,280 ordinary shares of SGD1.00 each in AAE Travel, for a consideration of USD93.75 million (approximately RM347 million). The sale was completed on 10 March 2015, resulting in a gain on disposal of approximately RM321 million. Subsequent to the divestment, the Company's equity stake in AAE Travel was reduced to 25% and the investment in AAE Travel has been reclassified from an investment in joint venture to an investment in associate.

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. Status of corporate proposals announced

There are no further updates in the corporate proposals announced.



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32. Borrowings and debt securities

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Current	2,431,736	2,274,928
Non-current	10,184,863	10,453,090
Total Debt	<u>12,616,599</u>	<u>12,728,018</u>

The currency profile of borrowings is as follows:

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Ringgit Malaysia	1,323,586	2,285,827
US Dollar	10,908,986	10,099,768
Euro	167,523	140,204
Singapore Dollar	216,504	202,219
	<u>12,616,599</u>	<u>12,728,018</u>

The above term loans, finance lease liabilities (Ijarah) and commodity murabahah finance are for the purchase of aircraft, spare engines and working capital purposes.

The maturity period of non-current borrowing is 14 years and below. Borrowings are denominated in US Dollar (predominantly), Singapore dollars, Ringgit Malaysia and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 33 (i).

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

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



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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 2015, AirAsia Berhad has hedged approximately 58% of the US dollar liabilities of its aircraft (which are deployed to Malaysia) and engine loans into Malaysian Ringgit (“MYR”). The latest weighted average of USD/MYR forward exchange rate is 3.2364.

(ii) Interest Rate Hedging

As at 31 December 2015, 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 2015.

(iii) Fuel Hedging

As at 31 December 2015, the Group has entered into Singapore Jet Kerosene fixed swaps, Brent options and Crack swaps which represents up to 46.53% of the Group’s total budgeted fuel consumption for year 2016.



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33. Derivative financial instruments (continued)

Type of derivatives	Notional Value as at 31/12/2015	Fair Value as at 31/12/2015 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	3.5	(172.6)
Total	3.5	(172.6)
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	5.3	(0.1)
- 1 year to 3 years	478.4	(37.7)
- more than 3 years	3,631.3	(226.2)
Total	4,115.0	(264.0)
	RM (million)	RM (million)
(iii) Foreign currency contracts		
- less than 1 year	91.2	0.3
- 1 year to 3 years	835.0	207.8
- more than 3 years	2,856.6	772.7
Total	3,782.8	980.8

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. Fair value estimation

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

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

The following tables presents the Group and Company's assets and liabilities that are measured at fair value at 31 December 2015 and 31 December 2014:

	Level 1 RM'mil	Level 2 RM'mil	Level 3 RM'mil	Total RM'mil
31 December 2015				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	215	-	215
Derivatives used for hedging	-	1,150	-	1,150
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	-	77	-	77
Derivatives used for hedging	-	743	-	743
Total Liabilities	-	820	-	820
31 December 2014				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	62	-	62
Derivatives used for hedging	-	606	-	606
Available-for-sale financial assets				-
- Equity securities	385	-	-	385
Total Assets	385	668	-	1,053
Liabilities				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	76	-	76
Derivatives used for hedging	-	644	-	644
Total Liabilities	-	720	-	720



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34. Fair value estimation (continued)

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

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

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

35. Material litigation

As at 26 February 2016, there was no material litigation against the Group.

36. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 31 December 2015.



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37. Earnings per share

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/15	Quarter ended 31/12/14	Year ended 31/12/15	Year ended 31/12/14
Net (loss)/profit (RM'000)	554,198	(428,509)	540,962	82,836
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,782,215	2,780,215	2,780,215	2,780,215
Adjusted for share options granted ('000)	-	580	-	580
Adjusted weighted average number of ordinary shares ('000)	2,782,215	2,780,795	2,780,215	2,780,795
Basic earnings per share (sen)	19.9	(15.4)	19.4	3.0
Diluted earnings per share (sen)	19.9	(15.4)	19.4	3.0

(b) Diluted earnings per share

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

38. Authorisation for issue

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

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
26 FEBRUARY 2016