



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

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
FIRST QUARTER REPORT ENDED 31 MARCH 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 first quarter ended 31 March 2015.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
Revenue	10	1,296,831	1,302,436	1,296,831	1,302,436
Operating expenses:					
- Staff costs		(171,954)	(156,043)	(171,954)	(156,043)
- Depreciation of property, plant and equipment		(185,708)	(164,078)	(185,708)	(164,078)
- Aircraft fuel expenses		(481,963)	(530,585)	(481,963)	(530,585)
- Maintenance and overhaul		(45,710)	(28,777)	(45,710)	(28,777)
- User charges and other related expenses		(147,349)	(135,893)	(147,349)	(135,893)
- Aircraft operating lease expenses		(52,618)	(50,418)	(52,618)	(50,418)
- Other operating expenses		(37,307)	(47,186)	(37,307)	(47,186)
Other income	11	61,999	21,244	61,999	21,244
Share of results of jointly controlled entities	23	4,041	5,780	4,041	5,780
Share of results of associates	23	33,171	10,550	33,171	10,550
<b>Operating Profit</b>		<b>273,433</b>	<b>227,030</b>	<b>273,433</b>	<b>227,030</b>
Finance Income	27	39,452	20,923	39,452	20,923
Finance Costs	27	(151,569)	(118,140)	(151,569)	(118,140)
<b>Net operating profit</b>		<b>161,316</b>	<b>129,813</b>	<b>161,316</b>	<b>129,813</b>
Foreign Exchange (loss)/gain on borrowings	27	(350,088)	4,235	(350,088)	4,235
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities		100,163	(216)	100,163	(216)
Gain on disposal of interest in AirAsia Expedia Travel		320,500	-	320,500	-
Provision for loss on aircraft held for sale	12	(38,592)	-	(38,592)	-
<b>Profit before tax</b>		<b>193,299</b>	<b>133,832</b>	<b>193,299</b>	<b>133,832</b>
Current Taxation	28	(8,420)	(3,132)	(8,420)	(3,132)
Deferred taxation	28	(35,548)	9,019	(35,548)	9,019
<b>Profit after tax</b>		<b>149,331</b>	<b>139,719</b>	<b>149,331</b>	<b>139,719</b>
Attributable to:					
-Equity holders of the company		149,331	139,719	149,331	139,719
-Minority interests		-	-	-	-
		<b>149,331</b>	<b>139,719</b>	<b>149,331</b>	<b>139,719</b>
Basic earnings per share (sen)		5.4	5.0	5.4	5.0
Diluted earnings per share (sen)		5.4	5.0	5.4	5.0

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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(Company No. 284669-W)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/12/2014 RM'000
<b>Profit for the period</b>		149,331	139,719	149,331	139,719
Other comprehensive (loss)/income					
Available-for-sale financial assets		(29,551)	(67,685)	(29,551)	(67,685)
Cash flow hedges	13	(3,972)	(31,268)	(3,973)	(31,268)
Foreign currency translation differences		(5,320)	-	(5,320)	-
<b>Total comprehensive (loss)/income for the period</b>		<b>110,488</b>	<b>40,766</b>	<b>110,487</b>	<b>40,766</b>
Total comprehensive (loss)/income attributable to:					
Equity holders of the company		110,488	40,766	110,487	40,766
Minority Interest		-	-	-	-



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FIRST QUARTER REPORT ENDED 31 MARCH 2015

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	PERIOD ENDED	YEAR ENDED
	31/03/2015 RM'000	31/12/2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	193,299	22,701
Adjustments:		
Property, plant and equipment		
- Depreciation	185,708	719,497
- (Gain)/loss on disposal	(4,529)	4,690
Gain on disposal of other investments	-	(42,077)
Impairment on other investments	-	10,125
Impairment of trade and other receivables	-	30,651
Provision for loss on aircraft held for sale	38,592	-
Fair value gains on derivative financial instruments	(197,565)	(212,398)
Share of results of jointly-controlled entities	(4,041)	(57,266)
Share of results of associates	(33,171)	29,707
Gain on disposal of investment in AAE Travel	(320,500)	-
Net unrealised foreign exchange loss	474,872	639,614
Interest expense	151,569	533,967
Dividend income	-	(4,697)
Interest income	(39,452)	(121,869)
	444,782	1,552,645
<b>Changes in working capital</b>		
Inventories	(229)	11,368
Receivables and prepayments	(148,257)	(258,466)
Trade and other payables	300,890	101,432
Intercompany balances	(323,273)	(725,677)
<b>Cash generated from operations</b>	273,913	681,302
Interest paid	(85,120)	(470,613)
Interest received	25,885	106,576
Tax paid	(4,927)	(15,234)
<b>Net cash from operating activities</b>	<b>209,751</b>	<b>302,031</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(202,034)	(2,084,641)
- Proceeds from disposal	40,004	119,745
Investment in associates	(22,615)	(30,378)
Loan granted to associates	-	(431,258)
Proceeds from disposal of investment in AAE Travel	347,044	-
Dividend received	-	4,697
Loan repayments received from associates	-	80,937
Proceeds from disposal of other investments	-	44,584
Refund on aircraft purchase	-	142,073
<b>Net cash generated from/(used in) investing activities</b>	<b>162,399</b>	<b>(2,154,241)</b>
<b>CASH FLOWS FROM FINANCING FACILITIES</b>		
Proceeds from allotment of shares	-	2,064
Proceeds from borrowings	126,635	3,129,496
Dividend paid	-	(111,292)
Repayment of borrowings	(297,780)	(1,241,080)
<b>Net cash (used in)/generated from financing activities</b>	<b>(171,145)</b>	<b>1,779,188</b>
<b>NET INCREASE FOR THE FINANCIAL PERIOD/YEAR</b>	201,005	(73,022)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	1,337,849	1,380,435
<b>CURRENCY TRANSLATION DIFFERENCES</b>	61,223	30,436
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	<b>1,600,077</b>	<b>1,337,849</b>

\* Included within the balance at end of period is an amount RM878.6 million (31/12/14: RM553.8 million) of restricted cash and fixed deposits pledged as securities for banking facilities of RM15.7 million (31/12/2014: RM15.6 million)



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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		AS AT	AS AT
		31/03/2015	31/12/2014
		RM'000	RM'000
	Note		
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	14	12,514,386	12,533,535
Investment in associates	22	312,783	230,454
Investment in a jointly controlled entity	22	142,574	191,620
AFS Financial Assets		355,238	384,790
Goodwill		7,334	7,334
Deferred tax assets		431,421	466,968
Receivables and prepayments		1,284,735	1,132,504
Deposit on aircraft purchase		500,321	500,321
Amounts due from an associate		2,362,545	2,301,528
Derivative Financial Instruments	32	554,983	381,686
		18,466,320	18,130,740
<b>CURRENT ASSETS</b>			
Inventories		18,381	18,152
Receivables and prepayments		743,204	682,909
Amounts due from a jointly controlled entity		57,708	51,188
Amount due from associates		392,826	153,803
Amount due from a related party		49,774	3,179
Deposits, bank and cash balances		1,600,077	1,337,849
Derivative Financial Instruments	32	218,633	286,298
		3,080,603	2,533,378
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,262,714	773,128
Sales in advance		327,555	502,810
Derivative Financial Instruments	32	356,990	472,204
Amount due to associate		43,692	55,110
Amount due to a related party		11,812	24,693
Borrowings	31	2,386,678	2,274,928
Current tax liabilities		12,172	9,380
		4,401,613	4,112,253
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(1,321,010)</b>	<b>(1,578,875)</b>
<b>NON CURRENT LIABILITIES</b>			
Other payables and accruals		1,304,346	1,212,044
Amount due to an associate		137,726	83,545
Borrowings	31	10,756,992	10,453,090
Derivative Financial Instruments	32	280,667	248,095
		12,479,731	11,996,774
		<b>4,665,579</b>	<b>4,555,091</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	7	278,297	278,297
Share Premium		1,230,941	1,230,941
Foreign exchange reserve		3,498	8,818
Retained earnings		3,047,366	2,898,035
Other Reserves		105,477	139,000
Shareholders' funds		<b>4,665,579</b>	<b>4,555,091</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<b>1.68</b>	<b>1.64</b>

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



**AIRASIA BERHAD**

(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

FIRST QUARTER REPORT ENDED 31 MARCH 2015

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

	Attributable to Equity Holders of the Company									
	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	Minority Interest RM'000	TOTAL EQUITY 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	-	-	-	-	-	-	149,331	149,331	-	149,331
Other comprehensive income	-	-	-	(5,320)	(3,972)	(29,551)	-	(38,843)	-	(38,843)
At 31 March 2015	2,782,974	278,297	1,230,941	3,498	(176,846)	282,323	3,047,366	4,665,579	-	4,665,579
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
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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(Company No. 284669-W)

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

**KEY OPERATING STATISTICS – 31 MARCH 2015**

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

Quarter Ended: 31 March	Jan - Mar 2015	Jan - Mar 2014	Change y-o-y
Passengers Carried	5,538,684	5,373,202	3%
Capacity	7,347,600	6,669,540	10%
Seat Load Factor	75%	81%	-6 ppt
RPK (million)	6,779	6,663	2%
ASK (million)	9,017	8,265	9%
Average Fare (RM)	150	164	-9%
Ancillary Income Per Pax (RM)	47	46	2%
Unit Passenger Revenue (RM)	197	210	-6%
Revenue / ASK (sen)	14.38	15.76	-9%
Revenue / ASK (US cents)	3.95	4.32	-9%
Cost / ASK (sen)	11.35	13.01	-13%
Cost / ASK (US cents)	3.11	3.57	-13%
Cost / ASK-ex Fuel (sen)	6.00	6.59	-9%
Cost / ASK-ex Fuel (US cents)	1.65	1.81	-9%
Aircraft (end of period)	82	72	14%
Average Stage Length (km)	1,236	1,191	4%
Number of Flights	40,820	37,053	10%
Fuel Consumed (Barrels)	1,498,268	1,320,198	13%
Average Fuel Price (US\$ / Barrel)	88	110	-20%

*Exchange Rate: RM:USD – 3.6452 - 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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(Company No. 284669-W)

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 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 2014 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.

### **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 seat load factor was 75% in the quarter under review, which was 6 percentage points lower than the same period last year. Compared against the immediate preceding quarter (fourth quarter October - December 2014), the seat load factor was 2 percentage points higher than the seat load factor in the quarter under review. This seasonal pattern is in line with the expectation of the Group.



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(Company No. 284669-W)

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### 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 March 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 March 2015.

### 8. Dividend paid

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

### 9. Segment reporting

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

### 10. Revenue

	Quarter ended 31/3/2015 RM million	Quarter ended 31/3/2014 RM million
Passenger seat sales	722.8	725.4
Baggage fees	113.6	109.3
Aircraft operating lease income	224.4	194.3
Surcharges and fees	112.1	156.4
Other revenue	123.9	117.0
	1,296.8	1,302.4

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





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(Company No. 284669-W)

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**11. Other Income**

	<b>Quarter ended 31/3/2015 RM million</b>	<b>Quarter ended 31/3/2014 RM million</b>
Gain on disposal of property, plant and equipment	4.5	0.0
Others	57.5	21.2
	<u>62.0</u>	<u>21.2</u>

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

**12. Provision for loss on aircraft held for sale**

In the current financial period, the Board approved the sale and leaseback of 16 vintage A320 aircraft in view of the expected retirement of the Group's fleet at 12 years and the incoming delivery of Airbus A320neo aircraft. A provision of RM38.6 million was made for the anticipated losses related to these transactions in the current financial period. In addition to the expected reduction in borrowings by approximately RM1.1bil, a total of RM202.5mil 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 March 2015 as compared to 31 December 2014 as follows:

	<b>Quarter ended 31/3/2015 RM million</b>	<b>Quarter ended 31/12/2014 RM million</b>
Fair value gain/(loss) in the period	(29.6)	(104.8)
Amount transferred to income statement	(4.0)	(94.7)
	<u>(33.6)</u>	<u>(199.5)</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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(Company No. 284669-W)

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**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 31/3/2015 RM million	As at 31/12/2014 RM million
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	2,885,189	2,906,177
Unrealised	41,498	(91,609)
	<u>2,926,687</u>	<u>2,814,568</u>
Total share of accumulated gains/(losses) from associates		
Realised	36,692	3,521
Total share of accumulated gains/(losses) from jointly controlled entities		
Realised	83,987	79,946
Total group retained profit as per consolidated accounts	<u><u>3,047,366</u></u>	<u><u>2,898,035</u></u>

**15. Property, plant and equipment**

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

During the quarter ended 31 March 2015, the Group acquired property, plant and equipment with a cost of RM202.0 million (quarter ended 31 March 2014: RM399.3 million).

During the quarter ended 31 March 2015, proceeds from disposal of property, plant and equipment totaled RM40.0 million (quarter ended 31 March 2014 RMNil).



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(Company No. 284669-W)

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FIRST QUARTER REPORT ENDED 31 MARCH 2015

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

*(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 March 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>31/3/2015</u>	<u>31/3/2014</u>
	RM'000	RM'000
Approved and contracted for	66,547,277	50,074,364
Approved but not contracted for	15,308,243	14,694,750
	-----	-----
	81,855,520	64,769,114
	=====	=====



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(Company No. 284669-W)

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FIRST QUARTER REPORT ENDED 31 MARCH 2015

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### 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.

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

These following items have been included in the Income Statement

	<b>Quarter ended 31/3/2015 RM million</b>	<b>Quarter ended 31/3/2014 RM million</b>
<b>Thai AirAsia</b>		
Lease rental income on aircraft	103,224	94,573
<b>Indonesia AirAsia</b>		
Lease rental income on aircraft	89,543	82,840
<b>Philippines AirAsia</b>		
Lease rental income on aircraft	20,091	16,844
<b>India AirAsia</b>		
Lease rental income on aircraft	11,576	-
<b>AirAsia X Berhad</b>		
Services charged to AirAsia X Berhad	2,044	2,044
<b>Asian Aviation Centre of Excellence Sdn Bhd</b>		
Training costs charged to AirAsia Berhad	(2,683)	(4,880)



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(Company No. 284669-W)

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

22. Review of performance

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

Quarter Ended: 31 March	Jan - Mar 2015	Jan - Mar 2014
RM'000		
<b>Revenue</b>	<b>1,296,831</b>	<b>1,302,436</b>
Operating expenses:		
- Staff costs	(171,954)	(156,043)
- Depreciation of property, plant and equipment	(185,708)	(164,078)
- Aircraft fuel expenses	(481,963)	(530,585)
- Maintenance and overhaul	(45,710)	(28,777)
- User charges and other related expenses	(147,349)	(135,893)
- Aircraft operating lease expenses	(52,618)	(50,418)
- Other operating expenses	(37,307)	(47,186)
Other income	61,999	21,244
Share of results of jointly controlled entities	4,041	5,780
Share of results of associates	33,171	10,550
<b>Operating Profit</b>	<b>273,433</b>	<b>227,030</b>
Finance Income	39,452	20,923
Finance Costs	(151,569)	(118,140)
<b>Net operating profit</b>	<b>161,316</b>	<b>129,813</b>
Foreign Exchange (loss)/gain on borrowings	(350,088)	4,235
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities	100,163	(216)
Gain on disposal of interest in AirAsia Expedia Travel	320,500	-
Provision for loss on aircraft held for sale	(38,592)	-
<b>Profit before tax</b>	<b>193,299</b>	<b>133,832</b>
Current Taxation	(8,420)	(3,132)
Deferred taxation	(35,548)	9,019
<b>Profit after tax</b>	<b>149,331</b>	<b>139,719</b>
EBITDAR	<b>511,759</b>	<b>441,526</b>
EBITDAR Margin	39%	34%
EBIT Margin	21%	17%



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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

The Group recorded revenue of RM1,296.8 million for the quarter ended 31 March 2015 (“1Q15”), 0.4% lower than the revenue of RM1,302.4 million recorded in the quarter ended 31 March 2014 (“1Q14”). The revenue was supported by a 3% growth in passenger volume while the average fare was down 9% at RM150 as compared to RM164 achieved in 1Q14. Ancillary income per passenger increased by 2% to RM47 year-on-year. The seat load factor was at 75% 6 percentage points lower than the same period last year.

The profit before tax for the period was RM193.3 million compared to RM133.8 million in the same quarter of 2014 while the profit after tax for the period was RM149.3 million compared to RM139.7 million in the same quarter of 2014.

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

Net Cash Flow (RM'000)	Jan – Mar 2015	Oct – Dec 2014
Cash from Operations	209,751	160,614
Cash from Investing Activities	162,399	(216,564)
Cash from Financing Activities	(171,145)	257,973
<b>Net Cash Flow</b>	<b>201,005</b>	<b>202,023</b>

The Group’s cash from operations was RM209.8 million, compared to RM160.6 million in the immediate preceding quarter ended 31 December 2014. Net cash flow in the quarter amounted to a RM201.0 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	March 2015	December 2014
Total Debt	13,144	12,728
Cash	1,600	1,338
<b>Net Debt</b>	<b>11,544</b>	<b>11,390</b>
Net Gearing	2.51	2.50

The Group’s total debt as of end of March 2015 was RM13.1 billion. The Group’s net debt after offsetting the cash balances amounted to RM11.5 billion.



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**Asia Aviation Capital Limited (“AAC”)**

Included within the Group results is AAC, a wholly owned subsidiary of AirAsia that provides aircraft leasing services for the AirAsia group of companies. Aircraft owned and operated in Malaysia will however remain with the Company. The results of the Company for 1Q15 which is consolidated into the results of AirAsia is shown below:

<b>Quarter Ended: 31 March USD'000</b>	<b>Jan - Mar 2015</b>	<b>Jan - Mar 2014</b>
<b>Revenue</b>	<b>3,178</b>	-
Operating expenses:		
- Staff costs	(57)	-
- Aircraft operating lease expenses	(2,632)	-
<b>Operating Profit</b>	<b>489</b>	-
Finance Income	1	-
<b>Profit before tax</b>	<b>490</b>	-
Taxation	-	-
<b>Profit after tax</b>	<b>490</b>	-
EBITDAR	489	0
EBITDAR Margin	15%	0%
EBIT Margin	15%	0%

<b>Operational ratios</b>	<b>Jan - Mar 2015</b>	<b>Jan - Mar 2014</b>
Total aircraft in the portfolio	6	-
Addition	4	-
Operating lease aircraft	6	-
Owned aircraft	-	-
Committed aircraft delivery % of aircraft placed	100%	-
No of Aircraft by Lessee	6	-
Thai AirAsia	4	-
Indonesia AirAsia	1	-
Philippines AirAsia	1	-
AirAsia India	-	-
3rd party	-	-
Total Aircraft average age (Years)	7.6	-
Operating lease avg age (Years)	7.6	-
Owned acft avg age (Years)	-	-
Average remaining lease tenure (Years)	5.4	-



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

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

## **NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

### **23. Jointly Controlled Entities and Associate Companies**

#### **i) Associate Company - Thai AirAsia**

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

Thai AirAsia recorded revenue of THB7,748.7 million in 1Q15, 20% higher compared to the THB6,479.2 million achieved in 1Q14. The positive growth in revenue is attributed to higher passenger volumes which increased by 19% year-on-year coupled with a 1% increase in the year-on-year unit passenger revenue. Ancillary income per passenger decreased by 8% year-on-year. Passengers carried by Thai AirAsia increased as capacity rose 15% year-on-year while the seat load factor increased 3ppt to 83%.

Thai AirAsia achieved an operating profit of THB1,195.0 million in 1Q15, compared to an operating profit of THB346.6 million in 1Q14. Thai AirAsia achieved a net profit of THB922.8 million in 1Q15, compared to a net profit of THB244.7 million in 1Q14.

AirAsia Berhad has equity accounted RM37.1 million in 1Q15, as reflected in the AirAsia Berhad income statement.





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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

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

Quarter Ended: 31 March	Jan - Mar 2015	Jan - Mar 2014	Change y-o-y
Passengers Carried	3,701,286	3,117,205	19%
Capacity	4,476,960	3,886,200	15%
Seat Load Factor	83%	80%	3 ppt
RPK (million)	3,694	3,058	21%
ASK (million)	4,436	3,822	16%
Average Fare (THB)	1,755	1,712	3%
Ancillary Income Per Pax (THB)	341	369	-8%
Unit Passenger Revenue (THB)	2,096	2,081	1%
Revenue / ASK (THB)	1.75	1.70	3%
Revenue / ASK (US cents)	5.37	5.21	3%
Cost / ASK (THB)	1.48	1.60	-8%
Cost / ASK (US cents)	4.54	4.94	-8%
Cost / ASK-ex Fuel (THB)	0.89	0.85	5%
Cost / ASK-ex Fuel (US cents)	2.75	2.61	5%
Aircraft (end of period)	42	37	14%
Average Stage Length (km)	991	983	1%
Number of Flights	24,872	21,590	15%
Fuel Consumed (Barrels)	795,190	682,671	16%
Average Fuel Price (US\$ / Barrel)	100	130	-23%

*Exchange Rate: USD:THB – 32.51 - 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



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

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

Quarter Ended: 31 March THB'000	Jan - Mar 2015	Jan - Mar 2014
<b>Revenue</b>	<b>7,748,671</b>	<b>6,479,203</b>
Operating expenses:		
- Staff costs	(744,445)	(620,725)
- Depreciation of property, plant and equipment	(269,329)	(168,092)
- Aircraft fuel expenses	(2,594,031)	(2,889,669)
- Maintenance & overhaul	(543,001)	(499,224)
- User charges and other related expenses	(1,114,133)	(818,696)
- Aircraft operating lease expenses	(946,127)	(935,360)
- Other operating expenses	(467,942)	(292,433)
Other income	125,375	91,637
<b>Operating Profit</b>	<b>1,195,038</b>	<b>346,641</b>
Finance Income	38,406	29,601
Finance Costs	(116,497)	(57,697)
<b>Profit before tax</b>	<b>1,116,947</b>	<b>318,545</b>
Taxation	(7,235)	(73,889)
Deferred taxation	(186,934)	-
<b>Profit after tax</b>	<b>922,778</b>	<b>244,656</b>
EBITDAR	2,410,494	1,450,093
EBITDAR Margin	31%	22%
EBIT Margin	15%	5%



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**Balance Sheet**

<b>Quarter Ended: 31 March THB'000</b>	<b>March 2015</b>	<b>Dec 2014</b>
Property, Plant & Equipment	18,535,969	15,943,846
Prepaid Expenses	3,638,674	270,021
Inventory	84,701	75,603
Other Debtors & Prepayments	4,510,110	1,656,118
General Investment	13,169	1,290,289
Cash & Short Term Deposits	7,363,599	6,453,452
<b>Total Assets</b>	<b>34,146,222</b>	<b>25,689,329</b>
Sales In Advance	4,147,994	4,629,227
Other Creditors & Accruals	3,961,244	2,759,092
Amounts Owing to Related Party	1,311,427	472,709
Long Term Liabilities	17,601,799	11,627,322
<b>Total Liabilities</b>	<b>27,022,464</b>	<b>19,488,350</b>
Share Capital	435,556	435,556
Share Premium	2,628,786	2,628,786
Retained Earnings	4,059,416	3,136,637
<b>Total Equity</b>	<b>7,123,758</b>	<b>6,200,979</b>

**ii) Associate Company - Indonesia AirAsia**

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

Indonesia AirAsia recorded revenue of IDR 1,186.4 billion in 1Q15, 14% lower as compared to the IDR 1,380.0 billion achieved in 1Q14. The drop in revenue can be attributed to lower passenger volumes which decreased by 26% year-on-year despite the 16% increase in the year-on-year unit passenger revenue. Ancillary income per passenger increased by 19% year-on-year. Passengers carried by Indonesia AirAsia decreased as capacity decrease 19% year-on-year while the seat load factor decreased by 6 percentage points to 70% as compared to 1Q14.



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

Indonesia AirAsia recorded an operating loss of IDR388.7 billion in 1Q15, compared to an operating loss of IDR390.4 billion in 1Q14. Indonesia AirAsia recorded a net loss of IDR530.8 billion in 1Q15 as compared to a net loss of IDR454.3 billion in 1Q14.

The AirAsia Berhad share of the net loss in 1Q15 amounted to RM73.5 million. However, as the Group's interest in Indonesia AirAsia has been reduced to zero any profits will only be recognized when a total of RM407.9 million of unrecognized losses have been reversed.

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

Quarter Ended: 31 March	Jan - Mar 2015	Jan - Mar 2014	Change y-o-y
Passengers Carried	1,557,721	2,096,246	-26%
Capacity	2,223,180	2,748,240	-19%
Seat Load Factor	70%	76%	-6 ppt
RPK (million)	2,053	2,399	-14%
ASK (million)	2,869	3,126	-8%
Average Fare (IDR)	603,889	522,326	16%
Ancillary Income Per Pax (IDR)	159,493	134,280	19%
Unit Passenger Revenue (IDR)	763,382	656,606	16%
Revenue / ASK (IDR)	413.55	441.78	-6%
Revenue / ASK (US cents)	3.21	3.43	-6%
Cost / ASK (IDR)	549.02	566.66	-3%
Cost / ASK (US cents)	4.26	4.39	-3%
Cost / ASK-ex Fuel (IDR)	347.47	293.34	18%
Cost / ASK-ex Fuel (US cents)	2.69	2.27	18%
Aircraft (end of period)	29	30	-3%
Average Stage Length (km)	1,216	1,167	4%
Number of Flights	12,351	15,268	-19%
Fuel Consumed (Barrels)	437,797	537,810	-19%
Average Fuel Price (US\$ / Barrel)	102	123	-17%

*Exchange Rate: USD:IDR – 12,896 - prior year US cents figures are restated at the current period average exchange rate*



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

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

<b>Quarter Ended: 31 March</b>	<b>Jan - Mar 2015</b>	<b>Jan - Mar 2014</b>	<b>Change y-o-y</b>
<b>IDR million</b>			
<b>Revenue</b>	<b>1,186,436</b>	<b>1,380,997</b>	<b>-14%</b>
Operating expenses:			
- Staff costs	(167,175)	(183,248)	-9%
- Depreciation	(24,680)	(24,035)	3%
- Aircraft fuel expenses	(578,241)	(854,406)	-32%
- Aircraft operating lease expense	(332,794)	(286,635)	16%
- Maintenance & overhaul	(195,812)	(176,837)	11%
- User charges and other related expenses	(198,928)	(158,503)	26%
- Other operating expenses	(82,425)	(92,469)	-11%
Other income	4,958	4,760	4%
<b>Operating loss</b>	<b>(388,661)</b>	<b>(390,376)</b>	<b>0%</b>
Finance Income	893	303	195%
Finance Costs	(143,011)	(64,182)	123%
<b>Loss before tax</b>	<b>(530,779)</b>	<b>(454,255)</b>	<b>17%</b>
Taxation	-	-	
<b>Loss after tax</b>	<b>(530,779)</b>	<b>(454,255)</b>	<b>17%</b>
EBITDAR	-31,187	-79,706	-61%
EBITDAR Margin	-3%	-6%	3 ppt
EBIT Margin	-33%	-28%	-5 ppt



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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### Balance Sheet

Quarter Ended: 31 March IDR million	March 2015	Dec 2014
Property, Plant & Equipment	1,512,102	1,526,308
Work In Progress	-	-
Deferred Expenditure	9,503	9,503
Inventory	21,821	22,367
Other Debtors & Prepayments	242,076	179,796
Amounts Owing from Related Party	2,536,629	2,283,237
Maintenance Reserves	300,624	277,516
Cash & Short Term Deposits	153,189	127,732
<b>Total Assets</b>	<b>4,775,944</b>	<b>4,426,459</b>
Sales In Advance	204,416	193,686
Other Creditors & Accruals	5,171,790	4,428,466
Amounts Owing to Related Party	1,036,288	862,096
Borrowings	1,398,742	1,446,725
<b>Total Liabilities</b>	<b>7,811,236</b>	<b>6,930,973</b>
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(3,215,293)	(2,684,514)
<b>Total Equity</b>	<b>(3,035,293)</b>	<b>(2,504,514)</b>

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

AirAsia Philippines is an associate company which is incorporated in the Republic of the Philippines and is 40% owned by AirAsia Berhad.

AirAsia Philippines recorded revenue of PHP2.1 billion in 1Q15, 6% lower as compared to the PHP2.2 billion achieved in 1Q14. The drop in revenue can be attributed to lower passenger volumes which decreased by 6% year-on-year despite the 25% increase in the year-on-year RASK. Ancillary income per passenger increased by 14% year-on-year. Passengers carried by AirAsia Philippines decreased as capacity decrease 19% year-on-year while the seat load factor increased by 11 percentage points to 77% as compared to 1Q14.

AirAsia Philippines recorded an operating loss of PHP679.3 million in 1Q15, compared to an operating loss of PHP1.6 billion in 1Q14. There is also significant improvement in the net loss position of AirAsia Philippines from PHP1.4 billion in 1Q14 to PHP854.5 billion in 1Q15.



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

AirAsia Philippines recorded a net loss of RM25.7 million (quarter ended 31 March 2014: net loss of RM24.6 million) in the quarter under review out of which RMNil million is equity accounted in the AirAsia Berhad income statement. As the Group's interest in AirAsia Philippines has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM112.8 million of unrecognized losses have been reversed.

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

Quarter Ended: 31 March	Jan - Mar 2015	Jan - Mar 2014	Change y-o-y
Passengers Carried	843,250	894,733	-6%
Capacity	1,088,820	1,348,920	-19%
Seat Load Factor	77%	66%	11 ppt
RPK (million)	809	906	-11%
ASK (million)	1,034	1,378	-25%
Average Fare (PHP)	2,012	2,077	-3%
Ancillary Income Per Pax (PHP)	436	384	14%
Unit Passenger Revenue (PHP)	2,447	2,460	-1%
Revenue / ASK (PHP)	2.03	1.62	25%
Revenue / ASK (US cents)	4.59	3.66	25%
Cost / ASK (PHP)	2.69	2.75	-2%
Cost / ASK (US cents)	6.07	6.21	-2%
Cost / ASK-ex Fuel (PHP)	1.55	1.46	6%
Cost / ASK-ex Fuel (US cents)	3.50	3.29	6%
Aircraft (end of period)	15	18	-17%
Average Stage Length (km)	949	1,022	-7%
Number of Flights	6,049	7,494	-19%
Fuel Consumed (Barrels)	206,891	253,719	-18%
Average Fuel Price (US\$ / Barrel)	128	159	-19%

*Exchange Rate: USD:PHP – 44 - prior year US cents figures are restated at the current period average exchange rate*



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

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

<b>Quarter Ended: 31 March</b>	<b>Jan - Mar 2015</b>	<b>Jan - Mar 2014</b>
<b>PHP'000</b>		
<b>Revenue</b>	<b>2,101,187</b>	<b>2,237,672</b>
Operating expenses:		
- Staff costs	(356,664)	(449,417)
- Depreciation of property, plant and equipment	(12,246)	(9,754)
- Aircraft fuel expenses	(1,176,516)	(1,784,891)
- Maintenance & overhaul	(426,302)	(497,246)
- User charges and other related expenses	(216,572)	(368,083)
- Aircraft operating lease expenses	(497,571)	(529,475)
- Travel and tour operating expenses	-	-
- Other operating expenses	(141,006)	(197,198)
Other (losses)/gains - net	-	-
Other income	46,354	42,359
<b>Operating Profit</b>	<b>(679,336)</b>	<b>(1,556,033)</b>
Finance Income	(38,621)	(6,542)
Finance Costs	(136,591)	164,612
<b>Profit before tax</b>	<b>(854,548)</b>	<b>(1,397,963)</b>
Taxation	-	-
<b>Profit after tax</b>	<b>(854,548)</b>	<b>(1,397,963)</b>
EBITDAR	-169,519	-1,016,804
EBITDAR Margin	-8%	-45%
EBIT Margin	-32%	-70%





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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### Balance Sheet

<b>Quarter Ended: 31 March PHP'000</b>	<b>March 2015</b>	<b>Dec 2014</b>
Property, Plant & Equipment	1,129,492	2,145,860
Work In Progress	17,522	17,522
Investment in subsidiaries	729,644	729,644
Inventory	26,190	43,936
Other Debtors & Prepayments	1,548,642	1,616,428
Cash & bank balances	442,105	350,865
<b>Total Assets</b>	<b>3,893,595</b>	<b>4,904,255</b>
Sales In Advance	1,488,193	1,534,112
Other Creditors & Accruals	4,755,394	4,988,216
Amounts Owing to Related Party	9,543,830	8,271,191
Long Term Liabilities	8,088,415	9,238,425
<b>Total Liabilities</b>	<b>23,875,832</b>	<b>24,031,944</b>
Share Capital	893,589	893,589
Preference share	423,922	423,922
Retained Earnings	(21,299,747)	(20,445,199)
<b>Total Equity</b>	<b>(19,982,237)</b>	<b>(19,127,689)</b>

#### 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 INR744.0 billion in 1Q15, compared to the INR Nil achieved in 1Q14 as it was not yet in operations. The number of passengers carried was approximately 238,000 which contributed to a unit passenger revenue of INR3,131. Ancillary income per passenger was at INR248 while the seat load factor was 79%.

AirAsia India recorded a net loss of RM10.2 million (quarter ended 31 March 2014: RM12.4 million) in the quarter under review out of which RMNil million is equity accounted in the AirAsia Berhad income statement. As the Group's interest in AirAsia India has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM5.0 million of unrecognized losses have been reversed.



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**Performance indicator for India operations for current quarter**

<b>Quarter Ended: 31 March</b>	<b>Jan - Mar 2015</b>
Passengers Carried	237,557
Capacity	300,240
Seat Load Factor	79%
RPK (million)	213
ASK (million)	270
Average Fare (INR)	2,884
Ancillary Income Per Pax (INR)	248
Unit Passenger Revenue (INR)	3,131
Revenue / ASK (INR)	2.75
Revenue / ASK (US cents)	4.46
Cost / ASK (INR)	3.53
Cost / ASK (US cents)	5.71
Cost / ASK-ex Fuel (INR)	2.24
Cost / ASK-ex Fuel (US cents)	3.62
Aircraft (end of period)	3
Average Stage Length (km)	900
Number of Flights	1,668

*Exchange Rate: USD:INR – 62 - prior year US cents figures are restated at the current period average exchange rate*



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

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

Quarter Ended: 31 March INR'000	Jan - Mar 2015	Jan - Mar 2014
<b>Revenue</b>	<b>743,872</b>	-
Operating expenses:		
- Staff costs	(234,558)	(69,001)
- Depreciation of property, plant and equipment	(1,581)	(252)
- Aircraft fuel expenses	(348,794)	-
- Maintenance & overhaul	(31,460)	(2,739)
- User charges and other related expenses	(41,457)	(1,430)
- Aircraft operating lease expenses	(180,587)	-
- Other operating expenses	(112,640)	(9,776)
Other income	(1,508)	-
<b>Operating Profit</b>	<b>(208,713)</b>	<b>(83,198)</b>
Finance Income	12,751	3,438
Finance Costs	7,187	(284)
<b>Profit before tax</b>	<b>(188,775)</b>	<b>(80,044)</b>
Taxation	(1,256)	-
Deferred taxation	-	-
<b>Profit after tax</b>	<b>(190,031)</b>	<b>(80,044)</b>
EBITDAR	-26,545	-82,946
EBITDAR Margin	-4%	0%
EBIT Margin	-28%	0%



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**Balance Sheet**

<b>Quarter Ended: 31 March INR'000</b>	<b>March 2015</b>	<b>Dec 2014</b>
Property, Plant & Equipment	29,290	26,880
Work In Progress	12,602	7,556
Inventory	123,482	78,551
Other Debtors & Prepayments	380,894	178,407
Cash & Short Term Deposits	1,465,010	1,032,982
<b>Total Assets</b>	<b>2,011,278</b>	<b>1,324,376</b>
Sales In Advance	316,916	337,692
Other Creditors & Accruals	1,869,628	971,919
<b>Total Liabilities</b>	<b>2,186,544</b>	<b>1,309,611</b>
Share Capital	1,318,810	1,318,810
Retained Earnings	(1,494,076)	(1,304,045)
<b>Total Equity</b>	<b>(175,266)</b>	<b>14,765</b>



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

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

## **NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

### **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 RM10.3 million in the quarter under review of which RM5.0 million is equity accounted in the financial statements of AirAsia Berhad.

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

BIG is an associate company which is incorporated in Malaysia and is 47.8% owned by AirAsia Berhad. BIG recorded a net loss of RM4.4 million (quarter ended 31 March 2014: net loss of RM3.3 million) in the quarter under review 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 RM25.0 million of unrecognized losses have been reversed.

### **viii) 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 RM10.9 million (quarter ended 31 March 2014: RM4.3 million) in the quarter of which RM3.3 million (quarter ended 31 March 2014: net profit of RM2.1 million) is equity accounted in the AirAsia Berhad income statement.

### **viii) Associate Company – Tune Money Sdn Bhd (‘Tune Money’)**

On 26 January 2015, AirAsia subscribed to 40% of equity interest in the enlarged issued and paid-up share capital of Tune Money for a cash consideration of RM10 million. Tune Money is an associate company which is incorporated in Malaysia. Tune Money recorded a net loss of RM2.4 million in the quarter of which RM1.0 million is equity accounted in the AirAsia Berhad income statement.

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

AACOE is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. AACOE recorded a net profit of RM5.6 million (quarter ended 31 March 2014: RM7.3 million) in the quarter of which RM2.8 million (quarter ended 31 March 2014: RM3.7 million) is equity accounted in the AirAsia Berhad income statement.



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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### 24. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM149.3 million for the quarter under review. This is RM577.8 million higher compared to the RM428.5 million loss after taxation suffered in the immediately preceding quarter ended 31 December 2014.

### 25. Commentary on prospects

The Group will not be taking any delivery of A320 aircraft in the second quarter of 2015. In Malaysia, we see strong demands in the second quarter of 2015 with average load factor forecast at 80%. This was partially contributed by the overall improvement in passenger volume from China. MAA is working on increasing capacity in the second quarter to meet the strong demand.

In Thailand forward loads and average fares for the remaining months of the second quarter of 2015 looks optimistic as the business environment has picked up. TAA will continue to focus on domestic, southern China and Indo-China routes in the remaining quarters of 2015.

In Indonesia, average fares for the remaining months of the second quarter of 2015 are higher than in the prior year. Demand is expected to remain moderated post-QZ8501 but is expected to improve leading up to the peak season as brand recovery efforts launched in April by IAA take effect.

In the Philippines, average fares for the remaining months of the first quarter 2015 are higher than in the prior year. PAA remains on track with its turnaround plan with a focus on increasing frequency of the high yielding routes.

In India, despite being only a few months into operations, the forward loads remain buoyant. AirAsia India will remain focused on building a footprint in the Indian domestic market with the introduction of new routes and frequency increases. A new hub in Delhi will be opened in the second quarter of this year.

The outlook for the second quarter of 2015 should be seen in the context of the price of aviation fuel, which has seen significance recent declines. A lower fuel price has obvious benefits for the airline industry, but the lower prices have been partially offset by weaker currencies against the US dollar, across all Asean nations.

However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the first quarter of 2015 and the remainder of the year.



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**26. Profit forecast**

No profit forecast has been issued.

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

All figures in RM'000	Group and Company			
	Quarter Ended 31/3/15	Quarter Ended 31/3/14	Year to Date 31/3/15	Year to Date 31/3/14
<b>Finance income</b>				
Interest on amounts due from associates and JV entities	32,948	16,362	32,948	16,362
Interest on deposits	5,721	3,056	5,721	3,056
Other interest income	783	1,505	783	1,505
	39,452	20,923	39,452	20,923
<b>Finance costs</b>				
Bank borrowings	(143,639)	(115,560)	(143,639)	(115,560)
Amortisation of premiums for interest rate caps	(2,135)	(2,053)	(2,135)	(2,053)
Loss from interest rate contracts	(4,891)	-	(4,891)	-
Bank facilities and other charges	(904)	(527)	(904)	(527)
	(151,569)	(118,140)	(151,569)	(118,140)
<b>Net cost</b>	(112,117)	(97,217)	(112,117)	(97,217)
<b>Foreign exchange gains/(losses)</b>				
Borrowings				
- realized	(11,129)	(5,284)	(11,129)	(5,284)
- unrealized	(536,095)	13,002	(536,095)	13,002
- gain/(loss) from forward foreign exchange contracts	27,839	(6,121)	27,839	(6,121)
- fair value movement recycled from cash flow hedge reserve	169,297	(304)	169,297	(304)
	(350,088)	1,293	(350,088)	1,293



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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### 28. Income tax expense

#### *Current taxation*

The current taxation charge of RM8.4 million comprises tax payable on interest income.

#### *Deferred taxation*

RM35.3 million deferred tax liabilities arose in the current financial period. The deferred tax liabilities 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 reduced as capital allowances were utilized in combination with the Investment Allowances granted.

### 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.





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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

**32. Borrowings and debt securities**

	<b>At 31/3/2015</b> <b>RM'000</b>	<b>At 31/12/2014</b> <b>RM'000</b>
<b>Current</b>	2,386,678	2,274,928
<b>Non-current</b>	10,756,992	10,453,090
<b>Total Debt</b>	<b>13,143,670</b>	<b>12,728,018</b>

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.



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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### 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 March 2015, AirAsia Berhad has hedged approximately 56% 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 3.2357.

(ii) Interest Rate Hedging

As at 31 March 2015, the Group has entered into interest rate hedging transactions to hedge against fluctuations in the US\$ Libor on its existing aircraft financing for aircraft deliveries from 2005 to 2014.

(iii) Fuel Hedging

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



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

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

Type of derivatives	Notional Value as at 31/03/2015	Fair Value as at 31/03/2015 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	2.48	(123.33)
- 1 year to 3 years	-	-
<b>Total</b>	<b>2.48</b>	<b>(123.33)</b>
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	8.26	(0.37)
- more than 3 years	3,808.49	(303.20)
<b>Total</b>	<b>3,816.75</b>	<b>(303.57)</b>
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	319.14	48.69
- more than 3 years	3,276.75	518.17
<b>Total</b>	<b>3,595.89</b>	<b>566.86</b>

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



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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### 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 March 2015 and 31 December 2014:

	Level 1 RM'mil	Level 2 RM'mil	Level 3 RM'mil	Total RM'mil
<b>31 March 2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	88	-	88
Derivatives used for hedging	-	686	-	686
Available-for-sale financial assets				-
- Equity securities	355	-	-	355
<b>Total Assets</b>	<b>355</b>	<b>774</b>	<b>-</b>	<b>1,129</b>
<b>Liabilities</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	80	-	80
Derivatives used for hedging	-	558	-	558
<b>Total Liabilities</b>	<b>-</b>	<b>638</b>	<b>-</b>	<b>638</b>
<b>31 December 2014</b>				
<b>Assets</b>				
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
<b>Total Assets</b>	<b>385</b>	<b>668</b>	<b>-</b>	<b>1,053</b>
<b>Liabilities</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	76	-	76
Derivatives used for hedging	-	644	-	644
<b>Total Liabilities</b>	<b>-</b>	<b>720</b>	<b>-</b>	<b>720</b>



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

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

## **NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

### **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.



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

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

## NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015

### 35. Material litigation

As at 28 May 2015, there was no material litigation against the Group.

### 36. Proposed dividend

The board recommends a first and final single tier dividend of 3 sen per ordinary share of RM0.10 under the single-tier system which is tax exempt in the hands of the shareholders for the financial year ended 31 December 2014. The first and final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting (“AGM”).

### 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	
	Current Quarter Ended 31/3/15	Preceding Year Quarter Ended 31/3/14	Current Year to Date 31/3/15	Preceding Year to Date 31/3/14
Net profit for the financial period (RM'000)	149,331	139,719	149,331	139,719
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,782,245	2,780,542	2,782,245	2,780,542
Adjusted for share options granted ('000)	-	1,804	-	1,804
Adjusted weighted average number of ordinary shares ('000)	2,782,245	2,782,346	2,782,245	2,782,346
Basic earnings per share (sen)	5.4	5.0	5.4	5.0
Diluted earnings per share (sen)	5.4	5.0	5.4	5.0



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

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

**NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2015**

*(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  
28 May 2015