



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 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 third quarter ended 30 September 2015.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Revenue	10	1,515,671	1,316,992	4,137,321	3,928,678
Operating expenses:					
- Staff costs		(178,722)	(158,561)	(543,282)	(468,462)
- Depreciation of property, plant and equipment		(168,590)	(180,418)	(519,875)	(534,668)
- Aircraft fuel expenses		(515,547)	(521,078)	(1,474,049)	(1,633,378)
- Maintenance and overhaul		(50,241)	(41,246)	(132,222)	(115,649)
- User charges and other related expenses		(179,900)	(139,049)	(478,928)	(396,921)
- Aircraft operating lease expenses		(96,126)	(49,687)	(217,589)	(150,734)
- Other operating expenses		(76,896)	(55,030)	(181,135)	(159,926)
Other income	11	66,352	28,456	192,417	125,140
Operating Profit		316,001	200,379	782,658	594,080
Finance Income	27	19,147	37,875	88,292	85,881
Finance Costs	27	(169,091)	(135,392)	(469,855)	(381,482)
Net Operating Profit		166,057	102,862	401,095	298,479
Foreign Exchange (loss)/gain	27	(435,977)	(152,656)	(829,655)	52,203
Foreign Exchange gain on amounts due from associates and jointly-controlled entities		439,858	49,633	563,028	30,790
Gain on disposal of interest in AirAsia Expedia Travel		-	-	320,500	-
Costs related to the sale and leaseback of aircraft		(6,705)	-	(99,912)	-
Share of results of jointly controlled entities	23	12,429	43,824	21,478	54,623
Share of results of associates:					
- Thai AirAsia		9,742	(17,197)	64,948	(20,482)
- Indonesia AirAsia		-	-	-	-
- Current year results		(155,731)	-	(155,731)	-
- Prior year unabsorbed losses		(469,284)	-	(469,284)	-
- India AirAsia		(29,741)	-	(29,741)	-
- Japan AirAsia		(5,621)	-	(16,939)	-
- Others		13,272	-	10,576	-
(Loss)/profit before tax		(461,701)	26,466	(219,637)	415,613
Current Taxation	28	(8,003)	(10,617)	(30,890)	(17,010)
Deferred taxation	28	63,972	(10,452)	237,156	113,668
(Loss)/profit after tax		(405,732)	5,397	(13,371)	512,271
Attributable to:					
-Equity holders of the company		(405,732)	5,397	(13,371)	512,271
-Minority interests		-	-	-	-
		(405,732)	5,397	(13,371)	512,271
Basic earnings per share (sen)		(14.6)	0.2	(0.5)	18.4
Diluted earnings per share (sen)		(14.6)	0.2	(0.5)	18.4

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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(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
(Loss)/profit for the period	(405,732)	5,397	(13,371)	512,271
Other comprehensive (loss)/income				
Available-for-sale financial assets	(43,448)	30,833	(193,918)	(69,723)
Cash flow hedges	(535,516)	(57,984)	(450,692)	(158,247)
Foreign currency translation differences	17,262	-	7,838	19
Total comprehensive (loss)/income for the period	(967,434)	(21,754)	(650,143)	284,320
Total comprehensive (loss)/income attributable to:				
Equity holders of the company	(967,434)	(21,754)	(650,143)	284,320
Minority Interest	-	-	-	-



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	30/09/2015	30/09/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(219,637)	415,613
Adjustments:		
Property, plant and equipment		
- Depreciation	519,875	534,668
- Loss/(gain) on disposal	612	(7,116)
Gain on disposal of other investments	-	(42,077)
Fair value gains on derivative financial instruments	(1,320,544)	(98,857)
Share of results of jointly-controlled entities	(21,478)	(54,623)
Share of results of associates	600,080	20,482
Gain on disposal of investment in AAE Travel	(320,500)	-
Net unrealised foreign exchange loss	2,162,308	33,261
Interest expense	469,855	373,755
Costs related to the sale and leaseback of aircraft	99,912	-
Interest income	(88,292)	(85,881)
	1,882,191	1,089,225
Changes in working capital		
Inventories	(23,276)	7,675
Receivables and prepayments	(208,011)	(139,318)
Trade and other payables	932,401	181,636
Intercompany balances	(207,186)	(717,904)
Cash generated from operations	2,376,119	421,314
Interest paid	(396,114)	(358,505)
Interest received	79,787	85,881
Tax paid	(12,077)	(7,273)
Net cash from operating activities	2,047,715	141,417
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(181,474)	(1,937,088)
- Proceeds from disposal	1,137,165	78,267
Investment in associated companies	(713,710)	(15,481)
Investment in available-for-sale financial asset	(53,811)	-
Proceeds from disposal of investment in AAE Travel	347,044	-
Loan granted to associates	-	(250,032)
Loan repayments received from associates	70,212	-
Proceeds from disposal of other investments	-	44,584
Deposit on aircraft purchase	-	142,073
Net cash generated from/(used in) investing activities	605,426	(1,937,677)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	-	2,064
Proceeds from borrowings	433,398	2,336,259
Dividend paid	(83,489)	(111,292)
Deposits pledged as security	-	(1,072)
Repayment of borrowings	(2,199,117)	(704,744)
Net cash (used in)/generated from financing activities	(1,849,208)	1,521,215
NET INCREASE FOR THE FINANCIAL PERIOD/YEAR	803,933	(275,045)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,337,849	1,194,490
CURRENCY TRANSLATION DIFFERENCES	258,676	(34,884)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	2,400,458	884,561

* Included within the balance at end of period is an amount RM1,388.4 million of restricted cash and fixed deposits pledged as securities for banking facilities of RM16.5 million



AIRASIA BERHAD
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(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT	AS AT
		30/09/2015	31/12/2014
	Note	RM'000	RM'000
NON CURRENT ASSETS			
Property, plant and equipment	15	11,029,922	12,533,535
Investment in associates	23	319,111	230,454
Investment in a jointly controlled entity	23	160,011	191,620
AFS Financial Assets		244,684	384,790
Goodwill		7,334	7,334
Deferred tax assets		704,234	466,968
Receivables and prepayments		1,448,441	1,132,504
Deposit on aircraft purchase		723,252	500,321
Amounts due from an associate		2,474,329	2,301,528
Derivative Financial Instruments	33	1,225,570	381,686
		18,336,888	18,130,740
CURRENT ASSETS			
Inventories		41,428	18,152
Receivables and prepayments		645,863	682,909
Amounts due from a jointly controlled entity		7,104	51,188
Amount due from associates		191,481	153,803
Amount due from a related party		39,314	3,179
Deposits, bank and cash balances		2,400,458	1,337,849
Derivative Financial Instruments	33	202,652	286,298
		3,528,300	2,533,378
CURRENT LIABILITIES			
Trade and other payables		1,432,326	773,128
Sales in advance		476,710	502,810
Derivative Financial Instruments	33	283,570	472,204
Amount due to associate		89,711	55,110
Amount due to a related party		48,516	24,693
Borrowings	32	2,746,532	2,274,928
Current tax liabilities		11,055	9,380
		5,088,420	4,112,253
NET CURRENT (LIABILITIES)/ASSETS		(1,560,120)	(1,578,875)
NON CURRENT LIABILITIES			
Other payables and accruals		1,516,226	1,212,044
Amount due to an associate		90,677	83,545
Borrowings	32	11,029,128	10,453,090
Derivative Financial Instruments	33	319,278	248,095
		12,955,309	11,996,774
		3,821,459	4,555,091
CAPITAL AND RESERVES			
Share capital	7	278,297	278,297
Share Premium		1,230,941	1,230,941
Foreign exchange reserve		16,656	8,818
Retained earnings		2,801,175	2,898,035
Other Reserves		(505,610)	139,000
Shareholders' funds		3,821,459	4,555,091
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.37	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.



AIRASIA BERHAD

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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

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 loss for the period	-	-	-	-	-	-	(13,371)	(13,371)	-	(13,371)
Other comprehensive income/(loss)	-	-	-	7,838	(450,692)	(193,918)	-	(636,772)	-	(636,772)
Dividend	-	-	-	-	-	-	(83,489)	(83,489)	-	(83,489)
At 30 September 2015	2,782,974	278,297	1,230,941	16,656	(623,566)	117,956	2,801,175	3,821,459	-	3,821,459
At 1 January 2014	2,781,064	278,106	1,229,068	855	80,065	486,347	2,926,491	5,000,932	-	5,000,932
Net Profit for the period	-	-	-	-	-	-	512,271	512,271	-	512,271
Other comprehensive income/(loss)	-	-	-	19	(158,247)	(69,723)	-	(227,951)	-	(227,951)
Dividend payable	-	-	-	-	-	-	(111,292)	(111,292)	-	(111,292)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,912	191	1,873	-	-	-	-	2,064	-	2,064
At 30 September 2014	2,782,976	278,297	1,230,941	874	(78,182)	416,624	3,327,470	5,176,024	-	5,176,024

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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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

KEY OPERATING STATISTICS – 30 SEPTEMBER 2015

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

Quarter Ended: 30 September	Jul - Sep 2015	Jul - Sep 2014	Change y-o-y
Passengers Carried	6,296,016	5,288,896	19%
Capacity	7,675,920	6,908,400	11%
Seat Load Factor	82%	77%	5 ppt
RPK (million)	7,771	6,524	19%
ASK (million)	9,567	8,521	12%
Average Fare (RM)	157	169	-7%
Ancillary Income Per Pax (RM)	46	47	-2%
Unit Passenger Revenue (RM)	203	216	-6%
Revenue / ASK (sen)	15.84	15.46	3%
Revenue / ASK (US cents)	3.81	3.72	3%
Cost / ASK (sen)	12.54	13.10	-4%
Cost / ASK (US cents)	3.01	3.15	-4%
Cost / ASK-ex Fuel (sen)	7.15	6.99	2%
Cost / ASK-ex Fuel (US cents)	1.72	1.68	2%
Aircraft (end of period)	81	81	0%
Average Stage Length (km)	1,246	1,234	1%
Number of Flights	42,644	38,380	11%
Fuel Consumed (Barrels)	1,603,703	1,387,187	16%
Average Fuel Price (US\$ / Barrel)	77	90	-14%

Exchange Rate: RM:USD – 4.1598 - 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)

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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 82% in the quarter under review, which was 5 percentage points higher than the same period last year. Compared against the immediate preceding quarter (second quarter April - June 2015), the load factor has improved 2 percentage points. This seasonal pattern is in line with the expectation of the Group.



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 30 September 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 30 September 2015.

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 September 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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(Company No. 284669-W)

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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

9. Segment reporting (continued)

The segment information provided to the Group CEO for the reportable segments are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination Adjustments RM'000	Total RM'000
Income Statement for the Quarter ended 30 Sept 2015								
Revenue	1,515,671	829,763	435,748	184,826	82,981	-	(244,845)	2,804,144
Operating expenses								-
- Staff costs	(178,722)	(95,470)	(51,960)	(30,906)	(18,297)	(13,256)	-	(388,611)
- Depreciation of property, plant and equipment	(168,590)	(31,559)	(7,375)	(20,449)	(710)	(269)	-	(228,952)
- Aircraft fuel expenses	(515,547)	(270,104)	(164,234)	(92,888)	(44,037)	-	-	(1,086,810)
- Maintenance and overhaul	(50,241)	(69,642)	(58,149)	(55,153)	(9,556)	(37)	107,134	(135,644)
- User charges and other related expenses	(179,900)	(149,973)	(59,552)	(28,816)	(15,416)	(122)	-	(433,780)
- Aircraft operating lease expenses	(96,126)	(124,030)	(91,353)	(37,669)	(19,235)	-	244,845	(123,567)
- Other operating expenses	(76,896)	(55,445)	(23,753)	(9,573)	(14,962)	(2,006)	8,737	(173,899)
Other income	66,352	25,014	3,143	12,945	555	-	(8,737)	99,272
Operating profit/(loss)	316,001	58,555	(17,485)	(77,683)	(38,678)	(15,690)	107,134	332,154
Finance income	19,147	2,755	132	13	338	-	(42,048)	(19,664)
Finance costs	(169,091)	(10,805)	(8,672)	(5,600)	(0)	(8)	42,048	(152,128)
Net operating (loss)/profit	166,057	50,505	(26,026)	(83,270)	(38,341)	(15,697)	107,134	160,363
Foreign exchange (losses)/gains	3,881	(26,741)	(50,978)	(37,681)	(2,930)	-	-	(114,448)
Costs related to the sale and leaseback of aircraft	(6,705)	-	-	-	-	-	-	(6,705)
Share of results of joint ventures	12,429	-	-	-	-	-	-	12,429
Share of results of associates	(637,363)	-	-	-	-	-	650,634	13,271
(Loss)/Profit before taxation	(461,701)	23,764	(77,004)	(120,950)	(41,270)	(15,697)	757,768	64,910



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

9. Segment reporting (continued)

The segment information provided to the Group CEO for the reportable segments are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination Adjustments RM'000	Total RM'000
Statement of Financial Position as at 30 September 2015								
Segment Assets								
Property, plant and equipment	11,029,922	2,219,463	429,971	257,056	23,616	6,127	-	13,966,156
Deposits, cash and bank balances	2,400,458	864,938	45,309	26,852	62,166	77,387	-	3,477,110
Other assets	8,434,809	287,515	1,016,107	1,235,659	36,656	2,834	(3,417,393)	7,596,187
	21,865,189	3,371,916	1,491,388	1,519,566	122,438	86,349	(3,417,393)	25,039,453
Segment Liabilities								
Borrowings	(13,775,660)	(1,742,868)	(688)	(388,181)	-	-	-	(15,907,397)
Others	(4,268,069)	(816,340)	(1,568,939)	(2,696,762)	(176,575)	(8,129)	4,611,491	(4,923,323)
	(18,043,729)	(2,559,208)	(1,569,628)	(3,084,943)	(176,575)	(8,129)	4,611,491	(20,830,720)
Segment net assets/(liabilities)	3,821,460	812,708	(78,240)	(1,565,376)	(54,136)	78,220	1,194,098	4,208,733
Share capital	(278,297)	(48,681)	(50,976)	(99,780)	(121,855)	(67,380)	388,672	(278,297)
Reserves	(3,543,163)	(764,027)	129,216	1,665,156	175,992	(10,840)	(1,582,770)	(3,930,436)
Capital and Reserves	(3,821,460)	(812,708)	78,240	1,565,376	54,136	(78,220)	(1,194,098)	(4,208,733)



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(Company No. 284669-W)

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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

9. Segment reporting (continued)

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

	Quarter ended 30/9/2015 RM million
Segment revenue	2,804
Add: Inter-segment revenue	244
Less: Revenue from affiliates which are not consolidated with AirAsia Berhad Group	(1,532)
Reported revenue of AirAsia Berhad	<u>1,516</u>

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

	Quarter ended 30/9/2015 RM million
Segment profit before taxation	65
Less: Expenses from affiliates which are not consolidated	(527)
Reported loss before taxation of AirAsia Berhad	<u>(462)</u>

Note (c): Reconciliation of segment net assets

	Quarter ended 30/9/2015 RM million
Segment net assets	4,209
Less: Net assets of affiliates which are not consolidated	(388)
Reported net assets of AirAsia Berhad	<u>3,821</u>

10. Revenue

	Quarter ended 30/9/2015 RM million	Quarter ended 30/9/2014 RM million
Passenger seat sales	986.5	725.9
Baggage fees	126.9	110.5
Aircraft operating lease income	244.1	192.7
Surcharges and fees	18.9	164.1
Other revenue	139.3	123.8
	<u>1,515.7</u>	<u>1,317.0</u>

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



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

11. Other Income

	Quarter ended 30/9/2015 RM million	Quarter ended 30/9/2014 RM million
Loss on disposal of property, plant and equipment	(2.5)	(6.5)
Others	68.9	35.0
	<u>66.4</u>	<u>28.5</u>

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

12. Provision for loss on aircraft held for sale

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 13 transactions have been completed to date and RM17.5 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 30 September 2015 as compared to 30 June 2015 as follows:

	Quarter ended 30/9/2015 RM million	Quarter ended 30/6/2015 RM million
Fair value loss in the period	(43.4)	(120.9)
Amount transferred to income statement	(535.5)	59.0
	<u>(578.9)</u>	<u>(61.9)</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.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 30/9/2015 RM million	As at 31/12/2014 RM million
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	5,546,862	2,906,177
Unrealised	(2,254,461)	(91,609)
	<u>3,292,401</u>	<u>2,814,568</u>
Total share of accumulated gains/(losses) from associates		
Realised	(592,650)	3,521
Total share of accumulated gains/(losses) from jointly controlled entities		
Realised	101,424	79,946
Total group retained profit as per consolidated accounts	<u><u>2,801,175</u></u>	<u><u>2,898,035</u></u>

15. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 30 September 2015, the Group acquired property, plant and equipment with a cost of RM7.7 million (quarter ended 30 September 2014: RM395.4 million).

During the quarter ended 30 September 2015, proceeds from disposal of property, plant and equipment totaled RM524.7 million (quarter ended 30 September 2014 RM77.8 million).



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 30 September 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>30/9/2015</u>	<u>30/9/2014</u>
	RM'000	RM'000
Approved and contracted for	79,023,262	48,404,197
Approved but not contracted for	18,324,897	14,762,250
	-----	-----
	97,348,159	63,166,447
	=====	=====



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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.

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 30/9/2015 RM million	Quarter ended 30/9/2014 RM million
Thai AirAsia		
Lease rental income on aircraft	120,636	91,814
Indonesia AirAsia		
Lease rental income on aircraft	94,063	79,981
Philippines AirAsia		
Lease rental income on aircraft	22,301	21,125
India AirAsia		
Lease rental income on aircraft	18,576	4,134
AirAsia X Berhad		
Services charged to AirAsia X Berhad	1,454	1,649
Asian Aviation Centre of Excellence Sdn Bhd		
Training costs charged to AirAsia Berhad	(6,113)	(3,391)



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

22. Review of performance

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

Quarter Ended: 30 September	Jul - Sep 2015	Jul - Sep 2014
RM'000		
Revenue	1,515,671	1,316,992
Operating expenses:		
- Staff costs	(178,722)	(158,561)
- Depreciation of property, plant and equipment	(168,590)	(180,418)
- Aircraft fuel expenses	(515,547)	(521,078)
- Maintenance and overhaul	(50,241)	(41,246)
- User charges and other related expenses	(179,900)	(139,049)
- Aircraft operating lease expenses	(96,126)	(49,687)
- Other operating expenses	(76,896)	(55,030)
Other income	66,352	28,456
Operating Profit	316,001	200,379
Finance Income	19,147	37,875
Finance Costs	(169,091)	(135,392)
Net Operating Profit	166,057	102,862
Foreign Exchange (loss)/gain	(435,977)	(152,656)
Foreign Exchange gain on amounts due from associates and jointly-controlled entities	439,858	49,633
Costs related to the sale and leaseback of aircraft	(6,705)	-
Share of results of jointly controlled entities	12,429	43,824
Share of results of associates:		
- Thai AirAsia	9,742	(17,197)
- Indonesia AirAsia		
- Current year results	(155,731)	-
- Prior year unabsorbed losses	(469,284)	-
- India AirAsia	(29,741)	-
- Japan AirAsia	(5,621)	-
- Others	13,272	-
(Loss)/profit before tax	(461,701)	26,466
Current Taxation	(8,003)	(10,617)
Deferred taxation	63,972	(10,452)
(Loss)/profit after tax	(405,732)	5,397
EBITDAR	574,012	430,484
EBITDAR Margin	38%	33%
EBIT Margin	20%	15%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

The Group recorded revenue of RM1,515.7 million for the quarter ended 30 September 2015 (“3Q15”), 15% higher than the revenue of RM1,317.0 million recorded in the quarter ended 30 September 2014 (“3Q14”). The revenue was supported by a 19% growth in passenger volume while the average fare was down 7% at RM157 as compared to RM169 achieved in 3Q14. Ancillary income per passenger decreased by 2% to RM46 year-on-year. The seat load factor was at 82% which was 5 percentage points higher than the same period last year.

The loss before tax for the period was RM461.7 million compared to profit before tax of RM26.5 million in the same quarter of 2014 while the loss after tax for the period was RM405.7 million compared to a profit after tax of RM5.4 million in the same quarter of 2014.

Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	July - Sept 2015	Apr - Jun 2015
Cash from Operations	1,360,582	477,382
Cash from Investing Activities	(416,949)	859,976
Cash from Financing Activities	(614,064)	(1,063,999)
Net Cash Flow	329,569	273,359

The Group’s cash from operations was RM1.36 billion, compared to RM477.4 million in the immediate preceding quarter ended 30 June 2015. Net cash flow in the quarter amounted to a RM329.6 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	September 2015	June 2015
Total Debt	13,776	12,369
Cash	2,400	1,838
Net Debt	11,375	10,531
Net Gearing	2.98	2.21

The Group’s total debt as of end of September 2015 was RM13.8 billion. The Group’s net debt after offsetting the cash balances amounted to RM11.4 billion.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 3Q15 which is consolidated into the results of AirAsia is shown below:

Quarter Ended: 30 Sept USD'000	July - Sept 2015	July - Sept 2014
Revenue	24,908	-
Operating expenses:		
- Staff costs	(68)	-
- Depreciation of property, plant and equipment	(87)	-
- Aircraft operating lease expenses	(20,616)	-
- Other operating expenses	(2,024)	-
Operating Profit	2,113	-
Finance Income	-	-
Finance Costs	(1)	-
Net Operating Profit	2,112	-
Foreign exchange gain on amounts due from intercompany	(22)	-
Profit before tax	2,089	-
Taxation		
Profit after tax	2,089	-
EBITDAR	22,816	0
EBITDAR Margin	92%	0%
EBIT Margin	8%	0%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

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

Operational ratios	July - Sept 2015	July - Sept 2014
Total aircraft in the portfolio	19	-
Addition	9	-
Operating lease aircraft	28	-
Owned aircraft	-	-
Committed aircraft delivery % of aircraft placed	100%	-
No of Aircraft by Lessee	28	-
Thai AirAsia	15	-
Indonesia AirAsia	3	-
Philippines AirAsia	3	-
AirAsia India	1	-
Indonesia AirAsia X	5	-
3rd party	1	-
Total Aircraft average age (Years)	6.1	-
Operating lease avg age (Years)	6.5	-
Owned acft avg age (Years)	9	-
Average remaining lease tenure (Years)	6.4	-

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 THB7,268.2 million in 3Q15, 31% higher compared to the THB5,558.6 million achieved in 3Q14. The positive growth in revenue is attributed to higher passenger volumes which increased by 26% year-on-year. Ancillary income per passenger decreased by 12% year-on-year. Passengers carried by Thai AirAsia increased as capacity rose 27% year-on-year while the seat load factor decreased 1ppt to 81%.

Thai AirAsia achieved an operating profit of THB506.7 million in 3Q15, compared to an operating loss of THB420.0 million in 3Q14. Thai AirAsia achieved a net profit of THB174.4 million in 3Q15, compared to a net loss of THB382.1 million in 3Q14.

AirAsia Berhad has equity accounted RM9.7 million in 3Q15, 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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

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

Quarter Ended: 30 September	Jul - Sep 2015	Jul - Sep 2014	Change y-o-y
Passengers Carried	3,584,130	2,854,688	26%
Capacity	4,412,520	3,470,400	27%
Seat Load Factor	81%	82%	-1 ppt
RPK (million)	3,651	2,957	23%
ASK (million)	4,445	3,553	25%
Average Fare (THB)	1,710	1,592	7%
Ancillary Income Per Pax (THB)	321	364	-12%
Unit Passenger Revenue (THB)	2,031	1,956	4%
Revenue / ASK (THB)	1.64	1.56	5%
Revenue / ASK (US cents)	4.55	4.35	5%
Cost / ASK (THB)	1.52	1.68	-10%
Cost / ASK (US cents)	4.23	4.68	-10%
Cost / ASK-ex Fuel (THB)	1.00	0.96	4%
Cost / ASK-ex Fuel (US cents)	2.77	2.67	4%
Aircraft (end of period)	44	40	10%
Average Stage Length (km)	1,007	1,024	-2%
Number of Flights	24,514	19,280	27%
Fuel Consumed (Barrels)	814,945	627,045	30%
Average Fuel Price (US\$ / Barrel)	80	114	-30%

Exchange Rate: USD:THB – 35.97 - 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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

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

Quarter Ended: 30 September	Jul - Sep 2015	Jul - Sep 2014
THB'000		
Revenue	7,268,203	5,558,594
Operating expenses:		
- Staff costs	(826,224)	(663,158)
- Depreciation of property, plant and equipment	(273,119)	(216,435)
- Aircraft fuel expenses	(2,337,561)	(2,572,067)
- Maintenance & overhaul	(602,698)	(447,763)
- User charges and other related expenses	(1,297,910)	(861,138)
- Aircraft operating lease expenses	(1,073,389)	(931,965)
- Other operating expenses	(479,841)	(415,727)
Other income	129,291	129,630
Operating profit/(loss)	506,752	(420,029)
Finance Income	23,844	40,052
Finance Costs	(93,509)	(64,991)
Net operating profit/(loss)	437,087	(444,968)
Foreign exchange (loss)/profit	(231,424)	84,424
Profit before tax	205,663	(360,544)
Taxation	(8,323)	(2,433)
Deferred taxation	(22,912)	(19,159)
Profit after tax	174,428	(382,136)
EBITDAR	1,853,260	728,371
EBITDAR Margin	25%	13%
EBIT Margin	7%	-8%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

Balance Sheet

Quarter Ended: 30 September THB'000	Sept 2015	Dec 2014
Property, Plant & Equipment	18,335,998	15,932,386
Investment in associate	2,500	-
Intangible assets, net	12,399	11,460
Other non current assets	994,393	812,678
Inventory	111,915	75,603
Other Debtors & Prepayments	797,763	1,027,296
Amounts due from related parties	456,320	68,163
Cash & Short Term Deposits	7,145,650	7,761,743
Total Assets	27,856,938	25,689,329
Sales In Advance	3,767,065	4,629,227
Other Creditors & Accruals	2,027,584	1,957,634
Amounts Owing to Related Party	454,025	472,709
Deferred tax liabilities	495,480	351,812
Finance lease liabilities	14,398,630	12,076,968
Total Liabilities	21,142,784	19,488,350
Share Capital	435,556	435,556
Share Premium	2,628,786	2,628,786
Retained Earnings	3,649,812	3,136,637
Total Equity	6,714,154	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. 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 1,483.7 billion in 3Q15, 14% lower as compared to the IDR 1,719.8 billion achieved in 3Q14. The drop in revenue can be attributed to lower passenger volumes which decreased by 12% year-on-year coupled with the 15% decrease in the year-on-year unit passenger revenue. Ancillary income per passenger increased by 6% year-on-year. Passengers carried by Indonesia AirAsia decreased as capacity decreased 7% year-on-year while the seat load factor decreased by 4 percentage points to 75% as compared to 3Q14.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

Indonesia AirAsia recorded an operating loss of IDR59.5 billion in 3Q15, compared to an operating profit of IDR76.1 billion in 3Q14. Indonesia AirAsia recorded a net loss of IDR262.1 billion in 3Q15 as compared to a net profit of IDR1.7 billion in 3Q14.

The AirAsia Berhad share of the net loss in 3Q15 amounted to RM155.7 million. AirAsia Berhad subscribed to IDR2,058 billion nominal value perpetual capital securities in Indonesia AirAsia and as such, all prior year unrecognized and current year losses of RM625.0 million were recognized in the income statement of AirAsia Berhad in the quarter under review. As the Group's interest in Indonesia AirAsia has been reduced to zero any profits will only be recognized when a total of RM19.0 million of unrecognized losses have been reversed.

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

Quarter Ended: 30 September	Jul - Sept 2015	Jul - Sept 2014	Change y-o-y
Passengers Carried	1,622,390	1,847,385	-12%
Capacity	2,155,320	2,324,340	-7%
Seat Load Factor	75%	79%	-4 ppt
RPK (million)	2,255	2,159	4%
ASK (million)	2,958	2,704	9%
Average Fare (IDR)	742,065	765,005	-3%
Ancillary Income Per Pax (IDR)	176,252	166,540	6%
Unit Passenger Revenue (IDR)	918,317	931,545	-1%
Revenue / ASK (IDR)	501.51	635.91	-21%
Revenue / ASK (US cents)	3.54	4.49	-21%
Cost / ASK (IDR)	521.63	607.76	-14%
Cost / ASK (US cents)	3.69	4.29	-14%
Cost / ASK-ex Fuel (IDR)	332.61	354.83	-6%
Cost / ASK-ex Fuel (US cents)	2.35	2.51	-6%
Aircraft (end of period)	23	30	-23%
Average Stage Length (km)	1,258	1,191	6%
Number of Flights	11,974	12,921	-7%
Fuel Consumed (Barrels)	467,016	462,875	1%
Average Fuel Price (US\$ / Barrel)	85	104	-19%

Exchange Rate: USD:IDR – 14,151 - 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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

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

Quarter Ended: 30 September IDR million	Jul - Sept 2015	Jul - Sept 2014
Revenue	1,483,651	1,719,802
Operating expenses:		
- Staff costs	(176,916)	(176,618)
- Depreciation	(25,110)	(25,179)
- Aircraft fuel expenses	(559,189)	(684,052)
- Aircraft operating lease expense	(311,041)	(296,823)
- Maintenance & overhaul	(197,989)	(162,192)
- User charges and other related expenses	(202,766)	(207,841)
- Other operating expenses	(80,875)	(92,840)
Other income	10,702	1,866
Operating (loss)/profit	(59,533)	76,123
Finance Income	448	462
Finance Costs	(29,528)	(49,866)
Net operating (loss)/profit	(88,613)	26,719
Foreign exchange loss	(173,571)	(25,042)
(Loss)/profit before tax	(262,184)	1,677
Taxation	40	-
(Loss)/profit after tax	(262,144)	1,677
EBITDAR	276,618	398,125
EBITDAR Margin	19%	23%
EBIT Margin	-4%	4%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

Balance Sheet

Quarter Ended: 30 September IDR million	Sept 2015	Dec 2014
Property, Plant & Equipment	1,432,283	1,497,196
Receivables	2,142,000	-
Inventory	133,725	241,338
Other Debtors & Prepayments	452,649	514,747
Amounts Owing from Related Parties	173,801	34,696
Deferred tax assets	131,779	88,236
Maintenance Reserves	350,814	277,516
Cash & Short Term Deposits	150,930	215,540
Total Assets	4,967,981	2,869,269
Sales In Advance	152,093	187,307
Other Creditors & Accruals	465,591	821,776
Amounts Owing to Related Party	3,085,915	3,407,205
Finance lease payable	1,525,007	1,634,325
Total Liabilities	5,228,606	6,050,613
Share Capital	180,000	180,000
Perpetual Capital Security	4,200,000	-
Retained Earnings	(4,640,625)	(3,361,344)
Total Equity	(260,625)	(3,181,344)

iii) Associate Company – AirAsia Inc and Zest Airways 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. Zest Airways Inc is an associate company of AirAsia Philippines and is 49% owned by AirAsia Philippines.

AirAsia Philippines recorded revenue of PHP2.0 billion in 3Q15, 27% higher as compared to the PHP1.6 billion achieved in 3Q14. The increase in revenue can be attributed to higher passenger volumes which increased by 46% year-on-year and the 27% increase in the year-on-year RASK. Ancillary income per passenger decreased by 21% year-on-year. Passengers carried by AirAsia Philippines increased as capacity increased 14% year-on-year while the seat load factor increased by 19 percentage points to 84% as compared to 3Q14.

AirAsia Philippines recorded an operating loss of PHP0.9 billion in 3Q15, compared to an operating loss of PHP1.3 billion in 3Q14. The net loss position of AirAsia Philippines was PHP1.4 billion as compared to PHP1.7 billion loss in 3Q14.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

AirAsia Philippines recorded a net loss of RM120.9 million (quarter ended 30 Sept 2014: net loss of RM14.0 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 RM183.2 million of unrecognized losses have been reversed.

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

Quarter Ended: 30 Sept	Jul - Sept 2015	Jul - Sept 2014	Change y-o-y
Passengers Carried	901,957	617,878	46%
Capacity	1,079,100	950,220	14%
Seat Load Factor	84%	65%	19 ppt
RPK (million)	950	693	37%
ASK (million)	1,155	1,102	5%
Average Fare (PHP)	1,851	2,051	-10%
Ancillary Income Per Pax (PHP)	404	513	-21%
Unit Passenger Revenue (PHP)	2,254	2,563	-12%
Revenue / ASK (PHP)	1.85	1.45	27%
Revenue / ASK (US cents)	3.96	3.11	27%
Cost / ASK (PHP)	2.61	2.64	-1%
Cost / ASK (US cents)	5.61	5.65	-1%
Cost / ASK-ex Fuel (PHP)	1.71	1.43	19%
Cost / ASK-ex Fuel (US cents)	3.71	3.07	21%
Aircraft (end of period)	15	18	-17%
Average Stage Length (km)	1,072	1,162	-8%
Number of Flights	5,995	5,279	14%
Fuel Consumed (Barrels)	235,130	209,231	12%
Average Fuel Price (US\$ / Barrel)	95	136	-30%

Exchange Rate: USD:PHP – 46.7 - 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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

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

Quarter Ended: 30 Sept PHP'000	Jul - Sept 2015	Jul - Sept 2014
Revenue	2,074,154	1,599,854
Operating expenses:		
- Staff costs	(346,836)	(404,834)
- Depreciation of property, plant and equipment	(229,481)	(10,962)
- Aircraft fuel expenses	(1,042,401)	(1,327,732)
- Maintenance & overhaul	(618,939)	(434,323)
- User charges and other related expenses	(323,382)	(158,848)
- Aircraft operating lease expenses	(422,729)	(451,430)
- Other operating expenses	(107,425)	(157,236)
Other income	145,268	36,630
Operating loss	(871,773)	(1,308,881)
Finance Income	149	60
Finance Costs	(62,842)	(116,967)
Net operating loss	(934,467)	(1,425,788)
Foreign exchange loss	(422,858)	(317,789)
Loss before tax	(1,357,325)	(1,743,577)
Taxation	-	-
Loss after tax	(1,357,325)	(1,743,577)
EBITDAR	(219,562)	(846,489)
EBITDAR Margin	-11%	-53%
EBIT Margin	-42%	-82%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

Balance Sheet

Quarter Ended: 30 Sept PHP'000	Sept 2014	Dec 2014
Property, Plant & Equipment	2,729,849	2,145,860
Work In Progress	-	17,522
Other investments	128,678	729,644
Inventory	104,680	43,936
Other Debtors & Prepayments	12,888,912	1,616,428
Cash & Short Term Deposits	285,156	350,865
Total Assets	16,137,275	4,904,255
Sales In Advance	1,048,690	1,534,111
Other Creditors & Accruals	3,501,518	4,988,216
Amounts Owing to Related Party	24,130,051	8,271,191
Other liabilities	4,242,637	9,238,425
Total Liabilities	32,922,896	24,031,943
Share Capital	768,589	893,589
Preference shares	423,922	423,922
Retained Earnings	(17,978,132)	(20,445,199)
Total Equity	(16,785,621)	(19,127,688)

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 INR1,312.0 billion in 3Q15, compared to the INR0.6 billion achieved in 3Q14 as operations commenced in June 2014. The number of passengers carried increased 225% which contributed to a unit passenger revenue of INR3,154. Ancillary income per passenger was at INR470 while the seat load factor was 76%.

AirAsia India recorded a net loss of RM41.3 million (quarter ended 30 Sept 2014: RM15.7 million) in the quarter under review out of which RM29.7 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 RM11.5 million of unrecognized losses have been reversed.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

Performance indicator for India operations for current quarter

Quarter Ended: 30 September	Jul - Sept 2015	Jul - Sept 2014	Change y-o-y
Passengers Carried	416,182	128,089	225%
Capacity	545,760	170,280	221%
Seat Load Factor	76%	75%	1 ppt
RPK (million)	502	74	579%
ASK (million)	663	97	580%
Average Fare (INR)	2,684	1,496	79%
Ancillary Income Per Pax (INR)	470	133	253%
Unit Passenger Revenue (INR)	3,154	1,629	94%
Revenue / ASK (sen)	198.07	225.00	-12%
Revenue / ASK (US cents)	3.02	3.43	-12%
Cost / ASK (sen)	290.26	578.00	-50%
Cost / ASK (US cents)	4.42	8.80	-50%
Cost / ASK-ex Fuel (sen)	185.22	366.00	-49%
Cost / ASK-ex Fuel (US cents)	2.82	5.57	-49%
Aircraft (end of period)	5	2	150%
Average Stage Length (km)	1,208	524	130%
Number of Flights	3,032	946	221%

Exchange Rate: USD:INR – 66 - 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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

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

Quarter Ended: 30 September INR'000	Jul - Sept 2015	Jul - Sept 2014
Revenue	1,311,987	611,983
Operating expenses:		
- Staff costs	(289,288)	(254,063)
- Depreciation of property, plant and equipment	(11,226)	(1,347)
- Aircraft fuel expenses	(696,258)	(357,867)
- Maintenance and overhaul	(151,095)	(42,571)
- User charges and other related expenses	(243,741)	(211,940)
- Aircraft operating lease expenses	(304,120)	(142,871)
- Other operating expenses	(236,568)	(111,157)
Other income	8,773	32
Operating Profit	(611,536)	(509,800)
Finance Income	5,344	3,578
Finance Costs	(3)	(139)
Net operating profit	(606,195)	(506,362)
Foreign exchange (loss)/gain	(46,319)	(23,349)
Profit before tax	(652,514)	(529,711)
Current Taxation	(128)	-
Profit after tax	(652,642)	(529,711)
EBITDAR	(296,190)	(365,583)
EBITDAR Margin	-23%	-60%
EBIT Margin	-47%	-83%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

Balance Sheet

Quarter Ended: 30 September INR'000	Sept 2015	Dec 2014
Property, Plant & Equipment	352,121	26,880
Work In Progress	-	7,556
Inventory	22,599	78,551
Other Debtors & Prepayments	523,945	45,894
Cash & Short Term Deposits	926,891	1,032,982
Total Assets	1,825,556	1,191,863
Sales In Advance	1,146,482	337,692
Other Creditors & Accruals	889,110	231,897
Amounts Owing to Related Party	591,546	851,590
Long Term Liabilities	5,592	-
Total Liabilities	2,632,731	1,421,179
Share Capital	1,921,500	908,664
Retained Earnings	(2,728,674)	(1,137,981)
Total Equity	(807,174)	(229,317)



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 RM15.7 million (quarter ended 30 Sept 2014: net loss of RM5.3 million) in the quarter under review of which RM5.6 million (quarter ended 30 Sept 2014: RMNil) 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 RM7.4 million (quarter ended 30 Sept 2014: net loss of RM5.3 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 RM31.4 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 RM54.0 million (quarter ended 30 Sept 2014: RM30.4 million) in the quarter of which RM13.5 million (quarter ended 30 Sept 2014: net profit of RM15.2 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 RM0.6 million in the quarter of which RM0.2 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 RM24.9 million (quarter ended 30 Sept 2014: RM57.0 million) in the quarter of which RM12.4 million (quarter ended 30 Sept 2014: RM28.5 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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

24. Variation of results against preceding quarter

The Group had a loss after taxation of RM405.7 million for the quarter under review. This is RM648.7 million lower compared to RM243.0 million of profit after taxation in the immediately preceding quarter ended 30 June 2015.

25. Commentary on prospects

In Malaysia, we see strong demands in the fourth quarter of 2015 with an average load factor forecast at 84% and a better fare environment as Malaysia Airlines Berhad has begun its capacity rationalization process. MAA is working on increasing capacity in the fourth quarter to meet the strong demand due to the year end holidays and festivities.

In Thailand forward loads and average fares for the remaining months of the fourth quarter of 2015 looks optimistic as the business environment has picked up. As with Malaysia, we see strong demands in the fourth quarter of 2015. TAA will continue to focus on domestic, southern China and Indo-China routes in the remaining quarter of 2015.

In Indonesia, forward loads and average fares for the remaining months of the fourth quarter of 2015 continue to improve as a result of the brand recovery efforts launched in April.

In Philippines, revenue/available seat kilometer for the remaining months of the fourth quarter 2015 are forecasted to further improve from the third quarter 2015. PAA remains on track with its turnaround plan with a focus on increasing frequency of the high yielding routes.

In India, 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.

However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the third 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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

26. Profit forecast

No profit forecast has been issued.

27. Finance income/(costs)

All figures in RM'000	Group and Company			
	Quarter Ended 30/9/15	Quarter Ended 30/9/14	Year to Date 30/9/15	Year to Date 30/9/14
Finance income				
Interest on amounts due from associates and JV entities	8,658	24,403	58,217	60,575
Interest on deposits	9,220	5,632	19,717	11,636
Gain from interest rate contracts	-	7,389	7,165	11,078
Other interest income	1,269	451	3,193	2,592
	19,147	37,875	88,292	85,881
Finance costs				
Bank borrowings	(149,082)	(132,779)	(435,367)	(373,755)
Amortisation of premiums for interest rate caps	(2,362)	(2,023)	(6,684)	(6,106)
Loss from interest rate contracts	(15,278)	-	(20,169)	-
Bank facilities and other charges	(2,369)	(590)	(7,635)	(1,621)
	(169,091)	(135,392)	(469,855)	(381,482)
Net cost	(149,944)	(97,517)	(381,563)	(295,601)
Foreign exchange (losses)/gains				
- realized	(19,511)	739	(22,496)	(2,334)
- unrealized	(1,411,774)	(209,271)	(2,139,812)	(33,261)
- gain/(loss) from forward foreign exchange contracts	110,462	3,336	144,670	(9,683)
- fair value movement recycled from cash flow hedge reserve	884,846	52,540	1,187,983	97,481
	(435,977)	(152,656)	(829,655)	52,203



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

28. Income tax expense

Current taxation

The current taxation charge of RM8.0 million comprises tax payable on interest income.

Deferred taxation

RM64.0 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.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

32. Borrowings and debt securities

	As at 30/9/2015 RM'000	As at 31/12/2014 RM'000
Current	2,746,532	2,274,928
Non-current	11,029,128	10,453,090
Total Debt	<u>13,775,660</u>	<u>12,728,018</u>

The currency profile of borrowings is as follows:

	As at 30/9/2015 RM'000	As at 31/12/2014 RM'000
Ringgit Malaysia	1,426,003	2,285,827
US Dollar	11,975,898	10,099,768
Euro	149,474	140,204
Singapore Dollar	224,225	202,219
	<u>13,775,600</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.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 30 September 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 3.2348.

(ii) Interest Rate Hedging

As at 30 September 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 30 September 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 year 2015.

The Group has also entered into Singapore Jet Kerosene fixed swap which represents up to 12.91% of the Group’s budgeted fuel consumption for 2016 respectively.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

33. Derivative financial instruments (continued)

Type of derivatives	Notional Value as at 30/09/2015	Fair Value as at 30/09/2015 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	1.5	(19.9)
- 1 year to 3 years	0.2	(0.4)
Total	1.7	(20.3)
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	3.1	(0.1)
- 1 year to 3 years	211.3	(19.7)
- more than 3 years	4,260.9	(329.9)
Total	4,475.3	(349.7)
	RM (million)	RM (million)
(iii) Foreign currency contracts		
- less than 1 year	12.2	-
- 1 year to 3 years	555.4	152.7
- more than 3 years	3,402.1	1,100.5
Total	3,969.7	1,253.2

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)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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 30 Sept 2015 and 31 December 2014:

	Level 1 RM'mil	Level 2 RM'mil	Level 3 RM'mil	Total RM'mil
30 Sept 2015				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	237	-	237
Derivatives used for hedging	-	1,191	-	1,191
Available-for-sale financial assets				-
- Equity securities	245	-	-	245
Total Assets	245	1,428	-	1,673
Liabilities				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	88	-	88
Derivatives used for hedging	-	515	-	515
Total Liabilities	-	603	-	603
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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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.

35. Material litigation

As at 26 November 2015, there was no material litigation against the Group.

36. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 30 September 2015.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2015

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 Ended 30/09/15	Quarter Ended 30/09/14	Period ended 30/9/15	Period ended 30/9/14
(Loss)/profit after tax (RM'000)	(405,732)	5,397	(13,371)	512,271
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,782,215	2,780,542	2,782,215	2,780,542
Adjusted for share options granted ('000)	-	565	-	565
Adjusted weighted average number of ordinary shares ('000)	2,782,215	2,781,107	2,782,215	2,781,107
Basic earnings per share (sen)	(14.6)	0.2	(0.5)	18.4
Diluted earnings per share (sen)	(14.6)	0.2	(0.5)	18.4

(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 NOVEMBER 2015