

annual report

MORE THAN YOU CAN IMAGINE

2013



annual report

MORE THAN YOU CAN IMAGINE

2013



WE ARE THE LOWEST COST AIRLINE IN THE WORLD



146 MIL
AVERAGE VIEWS
PER MONTH
9 MIL
AVERAGE UNIQUE
VISITORS PER MONTH

VISITORS FROM
150
COUNTRIES

SOCIAL MEDIA

facebook

5.7 MILLION
FANS

twitter

1.7 MILLION
FOLLOWERS

Instagram

91,000
FOLLOWERS

新浪微博
weibo.com

1.4 MILLION
FANS

AIRASIA MARKET SHARE



MALAYSIA
> DOMESTIC 49%
> INTERNATIONAL 43%
> TOTAL 45%



INDONESIA
> DOMESTIC 5%
> INTERNATIONAL 26%
> TOTAL 10%



THAILAND
> DOMESTIC 29%
> INTERNATIONAL 11%
> TOTAL 17%



PHILIPPINES
> DOMESTIC 15%
> INTERNATIONAL 7%
> TOTAL 12%

182 ROUTES



- 16 HUBS • 62 UNIQUE ROUTES
- 37 NEW ROUTES INTRODUCED IN 2013

83 DESTINATIONS 17 COUNTRIES



42.6 MIL
PASSENGERS CARRIED
2013

217 MIL
PASSENGERS
FLOWN SO FAR

79%
GROUP
LOAD FACTOR



TOTAL FLEET
158 A320

13,000
ALLSTARS
ACROSS THE GROUP

AIRASIA WAS VOTED AS
THE WORLD'S BEST LOW-COST AIRLINE
FOR THE FIFTH CONSECUTIVE YEAR
AT THE SKYTRAX WORLD AIRLINE AWARDS

LARGEST LCC IN ASIA
IN TERMS OF FLEET AND NUMBER OF PASSENGERS CARRIED

5TH LARGEST AIRLINE IN ASIA
IN TERMS OF NUMBER OF PASSENGERS CARRIED

A TRUE ASEAN AIRLINE,
CONNECTING ALL

10 ASEAN COUNTRIES



AIRASIA BERHAD



**OPERATING
PROFIT MARGIN**
20%

**DEPOSIT,
CASH AND BANK
BALANCES**

**RM1.38
BILLION**



**REVENUE
VIA INTERNET**
85%

LOWEST COST

COST PER AVAILABLE SEAT KILOMETRE

CASK: 13.0 SEN
**CASK EX-FUEL:
7.4 SEN**

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar



Three guys from the music industry got together one day and decided to set up an airline. It sounds like the beginning of a joke, no? But look at how it has all turned out. Nobody could have predicted we would be flying so high in just over 12 over years, creating aviation history in the process. The dream lives on, fuelled by the passion, hard work and creativity of our Allstars and our partners. Excuse me while I take a moment to pinch myself!

Tan Sri Dr. Tony Fernandes

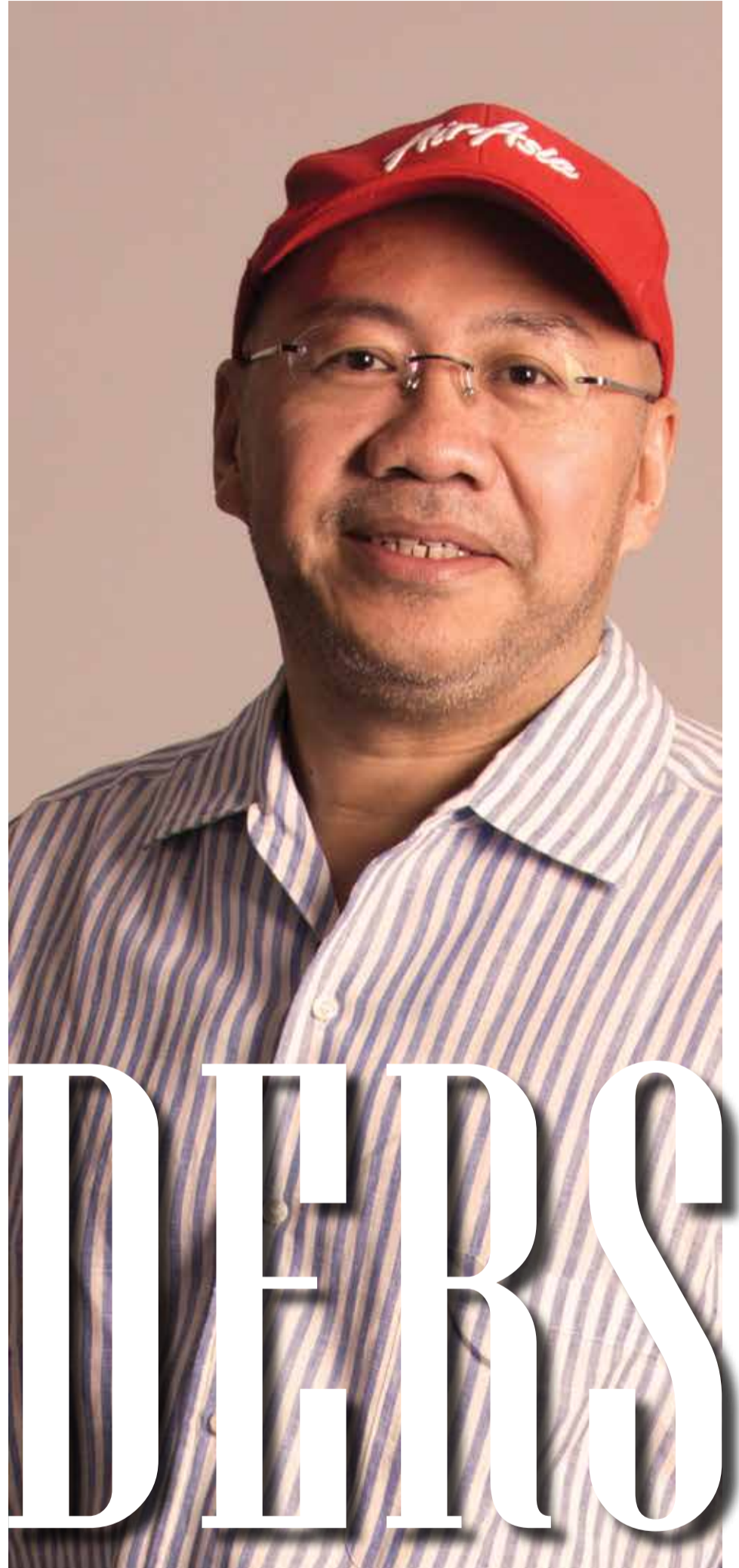


OUR

About 12 odd years ago, we embarked on a journey to the skies. And here we are today, living proof that dreams can come true with the requisite hard work, skills, tenacity and, most important, passion. To our magnificent Allstars, a heartfelt thank you for making AirAsia the airline of choice for millions. To all our other stakeholders: thank you for supporting us on this dream ride. And hold on to your hats because it ain't over yet!

Conor Mc Carthy

Datuk Kamarudin bin Meranun



FOUNDERS

So, there I was at Heathrow Airport waiting to meet what I thought would be a Caucasian gentleman. Then up walks this Malaysian-Indian young man, taps me on the arm and says: "Are you Conor Mc Carthy? I'm Tony Fernandes." Unlike made in heaven, this was a match made at an airport. But perhaps that's apt, given the business we were planning to venture into. What an amazing journey it has been. And what a privilege to be part of a team that has created history - and continues to do so.

For me, it started when I was stranded in southern Turkey and telephoned Tony to see if he could get me a hotel room in Istanbul at a cheap rate. He said "sure" and asked me if I could find RM20 million to launch an airline! It's been a real adventure getting to where AirAsia is today. Thank you to everyone who came along on the ride. And to our awesome Allstars: we owe it all to you. Your passion, creativity and talents are a joy to behold. I would be remiss if I did not express my deep gratitude to all our other stakeholders as well. Together, let's soar to even greater heights.



FLY WITH THE ECO-EFFICIENT AIRBUS A320



AIRBUS.COM



**Wherever AirAsia's dreams lead to next,
Credit Suisse will be there for them.**

Credit Suisse is proud to be a partner of AirAsia Group.

Find out more at credit-suisse.com/airasia



THE NUMBERS

YEAR 2013

REVENUE
RM5.11
BILLION

OPERATING PROFIT
RM1.01
BILLION

TOTAL ASSETS
RM17.86
BILLION

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ON THE COVER

At AirAsia, our people are called Allstars because every single one of them is a star in his or her own right. Everyone pulls an equal weight to ensure we meet our targets and keep improving all the time. But behind their excellence at work, our Allstars lead very interesting and sometimes unexpected personal lives. This has inspired the theme of this year's annual report: **'MORE THAN YOU CAN IMAGINE'**. Because our Allstars, like the company they represent, are truly more than you can imagine!

Take our cover girl, Chananporn Rosjan (centre). A pilot with Thai AirAsia for the last 10 years, she will soon earn her stripes to be a Captain. Although Shanna (as she's more affectionately known) cuts a striking figure in her pilot's uniform, little would one guess that in 2005, she was Miss Thailand Universe. Shanna graduated from the Sirindhorn Institute of Technology, Thammasat University in Thailand with a Bachelor of Engineering in Electrical Engineering. When she's not flying or winning beauty pageants, she likes to sing, read, exercise and cook.

With Shanna are two more Allstars - Mariati Binti Mohd Fikri Gurdip (left) and Khanpimool Thapachcha (right) - both flight attendants and part-time models.

JOURNEY



5 January



4 February



11 March



29 April



5 January



14 February



13 March



30 April

5 JANUARY

YAB Dato' Sri Mohd. Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia, officially launches the 1Malaysia aircraft livery at the Low-Cost Carrier Terminal in Sepang.

9 JANUARY

AirAsia offers 10,000 free seats in conjunction with the '1Malaysia Integration Programme with AirAsia' launched by the Prime Minister of Malaysia.

14 JANUARY

Indonesia AirAsia launches Free Seats (Schedule Extension) promotion.

16 JANUARY

Clark International Airport becomes part of aviation history when the world's first Sharklet wing-tipped A320 aircraft operated by AirAsia lands at 10.30am.

17 JANUARY

AirAsia kicks off 2013 with a new route linking Kota Kinabalu in East Malaysia to Makassar, Indonesia.

Indonesia AirAsia launches six new routes: Semarang - Singapore, Makassar - Kota Kinabalu, Makassar - Kuala Lumpur, Makassar - Surabaya, Makassar - Bali and Makassar - Manado.

25 JANUARY

Philippines' AirAsia enters into a partnership with 7-Eleven Philippines, through which guests can pay for their online booking reservations and other purchases at any 7-Eleven store nationwide.

4 FEBRUARY

Thai AirAsia announces its ninth anniversary and reception of its first energy-efficient Sharklet wing-tipped A320 aircraft.

7 FEBRUARY

Indonesia AirAsia's inaugural flight from Semarang to Singapore takes off.

8 FEBRUARY

Indonesia AirAsia launches its first travel fair in Makassar.

14 FEBRUARY

AirAsia gives away another 10,000 free seats for flights between Peninsular and East Malaysia for all Malaysians as part of the '1Malaysia Integration Programme with AirAsia'.

A guest on Thai AirAsia proposes to her boyfriend in full wedding gown mid-flight on Valentine's Day.

15 FEBRUARY

Bank Internasional Indonesia (BII) sets up BII CoOLPAY, a cash management system and online payment gateway, for Indonesia AirAsia.

19 FEBRUARY

AirAsia's expansion plans take another step further with the launch of daily flights from Kuala Lumpur to Kolkata, India.

20 FEBRUARY

AirAsia submits an application to the Foreign Investment Promotion Board of India for 49% equity in a proposed Indian joint venture with Tata Sons Limited and Arun Bhatia of Telestra Tradeplace Pvt Ltd.

Indonesia AirAsia opens its biggest sales office in Makassar.

1 MARCH

Indonesia AirAsia holds a Travel Fair in Jakarta with up to 50% discounts.

11 MARCH

Philippines' AirAsia enters into a strategic alliance agreement with Ambassador Alfredo Yao, the majority shareholder of Zest Airways, Inc and Asiawide Airways, Inc (collectively, the Zest Air Group).

13 MARCH

AirAsia continues to support Malaysian MotoGP rider, Zulfahmi Khairuddin, in his 2013 campaign in the Moto3 category of the World Championship.

AirAsia shifts its flight operations in Kolkata, India to the New Integrated Terminal Building, Terminal 2, Netaji Subhas Chandra Bose International Airport.

21 MARCH

CIS Bayad Center, Inc (Bayad Center) and Philippines' AirAsia sign a payment partnership agreement for guests to pay for their airline tickets by cash at any of the 3,500 Bayad Centers nationwide.

28 MARCH

Philippines' AirAsia celebrates its first year of operation at Clark International Airport with balloons, clowns and games in the airport and on board, while also offering promotional fares for all destinations.

4 APRIL

The Foreign Investment Promotion Board of India approves AirAsia's application for 49% equity in a joint venture company, AirAsia (India).

OF 2013



27 May



22 May



1 August



19 June



10 July

15 APRIL

Indonesia AirAsia launches three new routes: Medan - Jakarta, Medan - Johor Bahru and Jakarta - Johor Bahru.

22 APRIL

AirAsia introduces a new Kota Kinabalu-Bali route with thrice weekly flights.

Indonesia AirAsia is named the 2013 Best Managed Indonesian Low Cost Airline of the Year by Frost and Sullivan.

Indonesia AirAsia re-launches its Bali - Darwin route.

29 APRIL

Indonesia AirAsia launches the AirAsia Carnival offering two million promo fares from as low as IDR 0.

30 APRIL

Thai AirAsia increases the frequency of Bangkok-Hong Kong flights to thrice daily, and the Bangkok-Phuket flights to 10 times daily.

Thai AirAsia collaborates with Don Mueang Airport to organise a special flight for guests with special needs to highlight its readiness to facilitate travel of the physically challenged.

15 MAY

AirAsia India's Board of Directors appoints Mittu Chandilya as the Chief Executive Officer of AirAsia India (Private) Limited.

16 MAY

Indonesia AirAsia celebrates the inaugural Jakarta - Johor Bahru flight.

20 MAY

Indonesia AirAsia offers up to 20% discounts for HSBC credit cardholders.

22 MAY

AirAsia Foundation awards its first social enterprise grant in Malaysia to Toppinai Ningkokoton Koburuon Kampong (Tonibung), or Friends for Village Development, a Sabah-based organisation that empowers indigenous communities across the country.

27 MAY

AirAsia celebrates its inaugural four weekly flights from Jakarta, Indonesia to Johor Bahru, Malaysia.

3 JUNE

Thai AirAsia increases the frequency of Bangkok-Wuhan flights to twice daily.

Indonesia AirAsia jets off to Singapore from Makassar.

5 JUNE

AirAsia announces direct flights from Bangkok to Nay Pyi Taw, Myanmar, making it the only airline to fly the route.

Indonesia AirAsia celebrates the arrival of its first Sharklet-equipped A320 aircraft.

7 JUNE

Indonesia AirAsia celebrates its maiden Jakarta - Medan flight 30,000 feet in the sky.

10 JUNE

AirAsia flies 40 children of Rumah Anak Yatim Tambunan, Sabah from Kota Kinabalu to Kuala Lumpur to take part in Project Hope, organised by the World Marketing Summit Malaysia 2013.

12 JUNE

Thai AirAsia collaborates with the Tourism Authority of Thailand to organise an Amazing Thailand Grand Sale, offering promotions to spur off-season travel.

18 JUNE

AirAsia announces the appointment of Subramanian Ramadorai, CBE as Non-Executive Chairman of AirAsia India.

19 JUNE

AirAsia is named the World's and Asia's Best Low-Cost Airline for the fifth consecutive year at the 2013 World Airline Awards.

AirAsia announces the order of additional CFM LEAP-1A and CFM56-5B engines to power 100 A320-300 aircraft the airline ordered in December 2012.

Indonesia AirAsia strengthens its connectivity to Singapore by launching two direct flights from Medan and Surabaya.

25 JUNE

AirAsia announces an enhancement in connectivity to China with a new route from Kota Kinabalu to Hangzhou.

26 JUNE

AirAsia launches its Fly-Thru service from Kolkata and Tiruchirappalli in India to Singapore, enabling guests to connect to their onward AirAsia flight to Singapore conveniently through Kuala Lumpur.

1 JULY

Indonesia AirAsia's first flight from Bali to Darwin after the route's re-launch takes off.

Thai AirAsia increases the frequency of Bangkok-Chongqing flights to twice daily.

JOURNEY OF 2013



8 August



3 September



16 October



31 August



1 October

4 JULY

AirAsia Foundation awards its first social enterprise grant in the Philippines to Rag2Riches Inc, an award-winning Manila-based social enterprise that creates opportunities for artisans to earn fair wages.

AirAsia collaborates with General Electric (GE) and EPIC Homes to build a home for an Orang Asli family in Batang Kali, Selangor.

7 JULY

AirAsia celebrates its fifth World's Best Low-Cost Airline title with two million promo seats and a 'high-five' themed campaign with the hashtag #Hi5AirAsia.

10 JULY

Thai AirAsia collaborates with Thai Post to offer EMS Superspeed, a same-day postal service to all provinces in the Kingdom.

15 JULY

AirAsia introduces daily direct flights from Singapore's Changi Terminal 1 to Don Mueang Airport in Bangkok, Thailand.

AirAsia announces an increase in frequency of flights from Tiruchirappalli to Kuala Lumpur to thrice daily.

Indonesia AirAsia celebrates the inaugural Surabaya - Singapore flight.

25 JULY

Indonesia AirAsia moves its Medan operations to Kualanamu International Airport.

27 JULY

Indonesia AirAsia celebrates the maiden Bali - Kota Kinabalu flight.

31 JULY

Philippines' AirAsia and AXN host a viewing party to celebrate the appointment of Filipino contestant Jonathan Yabut as the first apprentice to be chosen by AirAsia Group CEO who plays the Boss in the TV reality show.

1 AUGUST

AirAsia continues to expand its connectivity from East Malaysia with the launch of the Kota Kinabalu-Hangzhou route, the fifth route from Kota Kinabalu to greater China.

3 AUGUST

Philippines' AirAsia and Zest Air welcome Jonathan Yabut.

6 AUGUST

Indonesia AirAsia receives Airbus' 8,000th aircraft.

8 AUGUST

Indonesia AirAsia and Chevrolet launch the first branded full-aircraft livery in Indonesia.

16 AUGUST

Thai AirAsia launches free van transport for guests landing in Mandalay Airport to downtown Mandalay.

20 AUGUST

Indonesia AirAsia offers 20% off on all seats, all flights.

31 AUGUST

AirAsia fulfils the dreams of 56 underprivileged children from East Malaysia to experience flying, and be in Kuala Lumpur to celebrate the 56th Merdeka Day at Dataran Merdeka.

5 SEPTEMBER

AirAsia introduces its eighth domestic route from its second busiest hub in Malaysia - Kota Kinabalu - with the announcement of thrice weekly direct flights from Kota Kinabalu to Kota Bharu.

AirAsia and AirAsia X present a total of six million seats with the lowest fares to a wide range of destinations at the MATTA Fair 2013.

13 SEPTEMBER

Philippines' AirAsia announces the temporary suspension of operation of some of its domestic and international flights from Clark International Airport to support AirAsia Zest's operations in Manila.

16 SEPTEMBER

Indonesia AirAsia celebrates the AirAsia Group's having flown 200 million guests with promotional fares from as low as IDR2,000.

22 SEPTEMBER

The Civil Aeronautics Board (CAB) approves 'AirAsia Zest' as the new brand name of Zest Airways, Inc.

30 SEPTEMBER

Thai AirAsia announces all-year free flights for members of the Thai Women's Volleyball Team, and presents a freshly repainted plane, to celebrate the team's victory in the Asian Volleyball Championship.

1 OCTOBER

Thai AirAsia launches the first Bangkok-Siem Reap daily direct flight.

AirAsia Zest rolls out a massive rebranding campaign, while also announcing new domestic and international routes from Manila and Cebu airports.

4 OCTOBER

AirAsia signs an agreement with ICBC Financial Leasing Co Ltd of China for aircraft financing facilities worth US\$1 billion. The agreement marks the largest financial cooperation between Malaysia and China to date.

6 OCTOBER

AirAsia celebrates hitting two million 'Likes' on its global Facebook page (facebook.com/AirAsia) with free seats for all its Facebook fans.

7 OCTOBER

Indonesia AirAsia re-launches the AirAsia Carnival due to high demand.



18 October



15 November



1 December



19 December



18 October



30 November



1 December



27 December

8 OCTOBER

Thai AirAsia announces sponsorship of the AirAsia Junior Volleyball Competition Under-14 Division.

9 OCTOBER

AirAsia introduces the Hi-Flyer, a brand new flexi-fare service offering guests greater convenience, flexibility and added benefits while travelling with both AirAsia and AirAsia X.

16 OCTOBER

Relief goods are airlifted to Cebu and Tagbilaran (Bohol) in the Philippines after an earthquake measuring 7.2 on the Richter scale hits parts of these two popular tourist spots.

18 OCTOBER

AirAsia launches Malaysia's first baggage self-tagging service, its latest innovation to provide guests with a seamless AirAsia experience.

28 OCTOBER

Indonesia AirAsia becomes the title sponsor of the Bali Beach Run.

28 OCTOBER

Thai AirAsia launches the inaugural Bangkok-Khon Kaen flight with celebrity Nadech Kugimiya dressed as a flight attendant.

29 OCTOBER

Indonesia AirAsia is named the Foreign Airline of the Year at the KLIA Awards 2012.

31 OCTOBER

Indonesia AirAsia is named the Best National Airline in Bali at the Bali International Customer Satisfaction Award 2013.

6 NOVEMBER

AirAsia announces the re-designation of key executives within the organisation, with Datuk Kamarudin Meranun being re-designated as Executive Chairman of the Board of Directors.

Indonesia AirAsia launches the Bandung - Johor Bahru route.

7 NOVEMBER

AirAsia and Nokia announce their collaboration in developing the AirAsia mobile app on the Windows Phone 8 platform, making use of the platform's modern UI featuring interactive seat maps and voice search.

8 NOVEMBER

Typhoon Haiyan hits major parts of the Philippines, including major tourist destinations in Kalibo, Cebu, Iloilo and Tacloban, where AirAsia Zest operates. Tacloban airport is severely damaged and all the airports in these areas are closed.

11 NOVEMBER

AirAsia launches a microsite, airasiamemories.com, to commemorate flying over 200 million guests.

15 NOVEMBER

AirAsia announces a donation and relief campaign called To Philippines with Love (#toPHwithlove) for the communities affected by Super Typhoon Haiyan.

AirAsia Zest inaugurates new flights from Cebu to domestic destinations of Puerto Princesa (Palawan), Davao and Cagayan de Oro.

Thai AirAsia launches Bangkok-Kunming daily direct flights.

16 NOVEMBER

The first Kota Kinabalu to Kota Bharu flight takes off. AirAsia is the only airline to operate this thrice weekly direct flight connecting East Malaysia directly to the East Coast of Peninsular Malaysia.

24 NOVEMBER

The AirAsia Free Seats promo returns.

30 NOVEMBER

Thai AirAsia launches Bangkok-Phitsanulok twice daily direct flights.

1 DECEMBER

AirAsia strengthens its southern hub by celebrating the inaugural flight from Bandung, Indonesia to Johor Bahru, as well as its 10th year in partnership with Senai International Airport.

Thai AirAsia launches the Fly-Thru service at Don Mueang Airport, allowing travellers fast and convenient connections to the provinces.

AirAsia Zest inaugurates flights from Cebu to Kuala Lumpur, Malaysia.

6 DECEMBER

AirAsia Zest inaugurates flights from Manila to Macau and Miri, Malaysia.

13 DECEMBER

AirAsia becomes the first to adopt the Required Navigation Performance Authorisation Required approach (RNP-AR APCH) flight paths in Malaysia, following approval by the Department of Civil Aviation Malaysia (DCA) after successful validation of the flight paths in Penang.

15 DECEMBER

Thai AirAsia launches City Transfers to Sukhothai and Pai for flights from Bangkok to Phitsanulok and Chiang Mai, respectively.

19 DECEMBER

AirAsia Zest inaugurates flights from Cebu to Kota Kinabalu, Malaysia.

20 DECEMBER

Philippines' AirAsia resumes flights from Clark International Airport to Hong Kong until 6 January, following the management's decision in June to move its domestic flights to Kalibo, Davao and Manila's Ninoy Aquino International Airport Terminal 4.

27 DECEMBER

Indonesia AirAsia officially opens its new headquarters located near the Soekarno-Hatta International Airport, Tangerang. The iconic building is home to more than 2,000 employees who were previously scattered in different offices throughout Jakarta.



AirAsia and CFM: One of the Best Teams in Aviation

With a relationship that spans more than a decade, AirAsia and CFM have made aviation history together. From Day 1, the CFM56 was the engine of choice and helped power the early growth of this pioneer airline.

AirAsia made another savvy investment when it selected the advanced new LEAP-1A to power 200 Airbus A320neo airplanes; the largest single order in commercial aviation history. The benefits this airplane will bring – a 15 percent improvement in fuel efficiency, CFM’s legendary reliability – will earn a place in the history books and on AirAsia’s bottom line. Congratulations on another successful year.

AirAsia



The Power of Flight

CFM International is a 50/50 joint company between Snecma (Safran) and GE.

OPENING DOORS ANYWHERE IN ASEAN.



MALAYSIA



INDONESIA



SINGAPORE



THAILAND



BRUNEI



MYANMAR



LAOS



CAMBODIA



PHILIPPINES



VIETNAM

 CIMB BANK  CIMB NIAGA  CIMB THAI  CIMB ISLAMIC

MALAYSIA INDONESIA SINGAPORE THAILAND

CIMB Group Sdn Bhd (706803-D)

ASEAN FOR YOU



FROM MALAYSIA TO ASIA AND BEYOND

OVER 200 MILLION FLOWN WITH OUR LOW FARES

Only @ airasia.com

Malaysia & AirAsia. Flying High Together.

Another milestone that reaffirms that Malaysia leads the way as Asia's aviation hub.
Together, it is not just about aviation.
It is about the nation.



#FlyingMalaysia
Share your love for Malaysia

Join the buzz:



AirAsia

AirAsia.com



THE AIRASIA BRAND



Bold, Innovative... and Unmistakably Malaysian

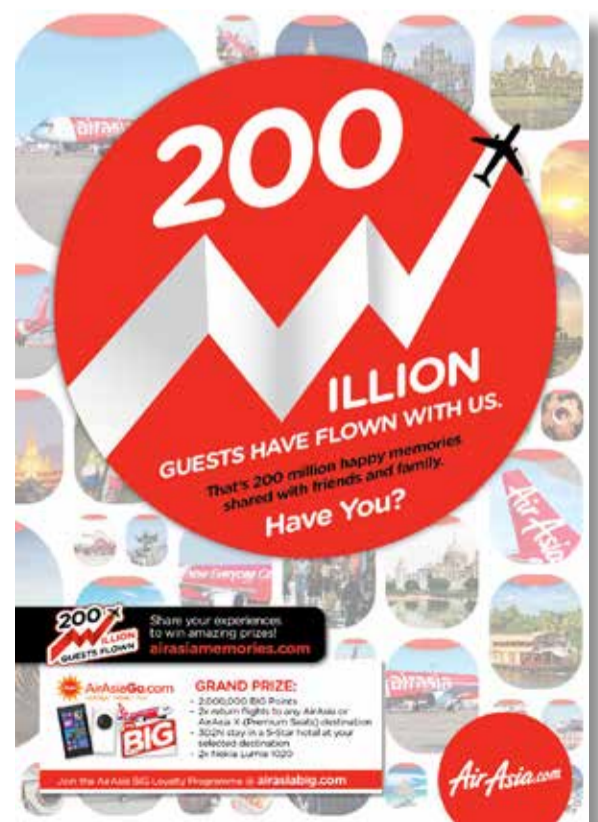
Put together the words 'bold', 'innovative' and 'cool' and what do you get? Clue: a brand that's never shied from challenges, has pioneered its own path in the competitive world of aviation, and is very cool about the whole endeavour. In other words, you get us – AirAsia!



From the very start, we have boldly gone where no other airline in Asia has been, creating a path that others have subsequently followed. We have made such strides as we ventured into unknown territory that last year - in just our 12th year of operation - we celebrated our 200 millionth guest! Our spate of successes is due to a spirit of innovation, which has seen us develop an entirely new way of thinking, stripping away unnecessary costs while offering quality service. We've been voted the Best Low-Cost Carrier in the World five years in a row thanks to that. As for being cool, we offer millions of free tickets a year. What could possibly be cooler than that? Other than being associated with the Caterham F1 (Formula) Team and Queens Park Rangers, and supporting many talented Asian sporting stars, that is.

More than being bold, cool and innovative, the AirAsia brand is also about being truly Malaysian. We believe in the strengths of this country that has allowed us to soar; we believe in the incredible synergies that can be created from all Malaysians uniting as one; and we believe in making the dreams of this nation come true.

We are AirAsia, truly Malaysia.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty First Annual General Meeting of AirAsia Berhad (284669-W) (“AirAsia” or “the Company”) will be held at Asian Aviation Centre of Excellence (formerly known as AirAsia Academy), Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Wednesday, 4 June 2014 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2013. **(Resolution 1)**
2. To declare a First and Final Single Tier Dividend of 4 sen per ordinary share of RM0.10 for the financial year ended 31 December 2013. **(Resolution 2)**
3. To approve Directors' Fees of RM1,658,875 for the financial year ended 31 December 2013. **(Resolution 3)**
4. To re-elect Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar as a Director of the Company, who retires pursuant to Article 124 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect Datuk Mohd Omar Bin Mustapha as a Director of the Company, who retires pursuant to Article 124 of the Company's Articles of Association. **(Resolution 5)**
6. To re-elect Mr. Robert Aaron Milton as a Director of the Company, who retires pursuant to Article 129 of the Company's Articles of Association. **(Resolution 6)**
7. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:

8. ORDINARY RESOLUTION RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

“**THAT** approval be and is hereby given to Dato' Fam Lee Ee who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.”

(Resolution 8)

9. ORDINARY RESOLUTION AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

(Resolution 9)

OTHER ORDINARY BUSINESS

10. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty First Annual General Meeting of the Company to be held on Wednesday, 4 June 2014 at 10.00 a.m., a First and Final Single Tier Dividend of 4 sen per ordinary share of RM0.10 for the financial year ended 31 December 2013 will be paid on 3 July 2014 to depositors whose names appear in the Record of Depositors on Wednesday, 4 June 2014. A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on Wednesday, 4 June 2014, in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

JASMINDAR KAUR A/P SARBAN SINGH

(MAICSA 7002687)

Company Secretary

Selangor Darul Ehsan

12 May 2014

NOTES ON APPOINTMENT OF PROXY

- a. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the forthcoming Annual General Meeting.
- b. A member must be registered in the Record of Depositors at 5.00 p.m. on 28 May 2014 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a Member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- c. A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
- d. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- e. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

- f. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- g. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**

EXPLANATORY NOTES:

1. Retention of Independent Non-Executive Director (Resolution 8)

Dato' Fam Lee Ee has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board has recommended him to continue to act as an Independent Non-Executive Director based on the following justifications:

- (a) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- (b) He has vast experience in a diverse range of businesses and legal matters and therefore would be able to provide constructive opinion; he exercises independent judgement and has the ability to act in the best interest of the Company;
- (c) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making;
- (d) He has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and
- (e) He has shown great integrity of independence and had not entered into any related party transaction with the Company.

2. Authority to allot shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 9)

Ordinary Resolution 9 has been proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965 (hereinafter referred to as the "General Mandate"). Ordinary Resolution 9, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another General Meeting. The General Mandate will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twentieth Annual General Meeting held on 4 June 2013 which will lapse at the conclusion of the Twenty First Annual General Meeting.

The General Mandate, if granted, will provide the flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing, working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

AirAsia

MACAU

MYANMAR

INDIA

CAMBODIA

PHILIPPINES

SAUDI ARABIA

CHINA

SRI LANKA

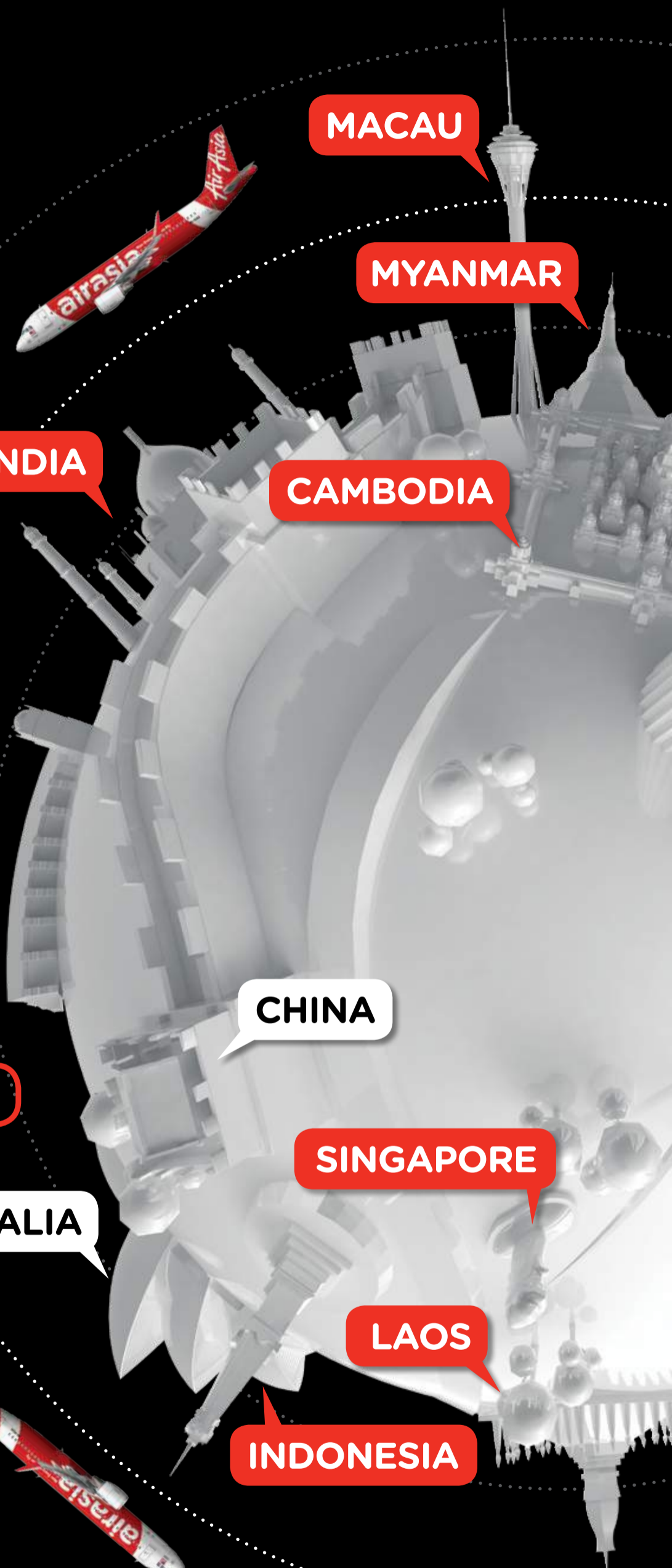
SINGAPORE

AUSTRALIA

LAOS

INDONESIA

NOW
EVERYONE
CAN FLY



-  AIRASIA
-  AIRASIA X
-  AIRASIA & AIRASIA X

NEPAL

THAILAND

JAPAN

VIETNAM

MALAYSIA

HONG KONG

BRUNEI

TAIWAN

KOREA

WHERE WE'RE FLYING SO FAR

FINANCIAL & INVESTOR CALENDAR

15 JAN 2013

AirAsia's participation in RHB ASEAN Corporate Day, Singapore

20 Mar 2013

AirAsia's participation in Credit Suisse Asian Investment Conference, Hong Kong

27 Mar 2013

AirAsia receives three awards at the 3rd Asian Excellence Recognition Awards 2013 by Corporate Governance Asia, Hong Kong

- Best Investor Relations Company for Malaysia
- Best CEO for Malaysia
- Best Investor Relations Professional for Malaysia

10 Apr 2013

AirAsia's participation in HSBC Aviation Day, Hong Kong

29 May 2013

AirAsia's Europe Non-Deal Roadshow in London by CLSA

3 Jun 2013

Malaysia's Minister of Tourism visits AirAsia's headquarters in Sepang, Selangor

4 Jun 2013

AirAsia hosts its 20th Annual General Meeting at the AirAsia Academy in Sepang, Selangor

3 Jul 2013

AirAsia receives the Best Investor Relations Website (Mid Cap) Award from the Malaysian Investor Relations Association Berhad (MIRA), Kuala Lumpur

21 Aug 2013

Announcement of the unaudited results for the 2nd Quarter ended 30 June 2013

27 Aug 2013

AirAsia's participation in Macquarie ASEAN Conference, Singapore

30 Oct 2013

Investor Relations one-on-one Workshops for selected members of the media, Kuala Lumpur

20 Nov 2013

Announcement of the unaudited results for the 3rd Quarter ended 30 September 2013

21 Nov 2013

AirAsia's Luncheon with Members of Parliament, Kuala Lumpur

26 Feb 2013

Announcement of the unaudited results for the 4th Quarter and full-year ended 31 December 2012

5 Mar 2013

AirAsia's participation in Bank of America Merrill Lynch ASEAN Conference, Singapore

13 Mar 2013

CLSA Asean Corporate Access Forum, Bangkok

11 Apr 2013

AirAsia's Investors Luncheon hosted by Maybank, Kuala Lumpur

23 Apr 2013

AirAsia's Non-Deal Roadshow hosted by Maybank, Kuala Lumpur

22 May 2013

Announcement of the unaudited results for the 1st Quarter ended 31 March 2013

10 Jun 2013

AirAsia's participation in Nomura Asia Equity Forum, Singapore

14 Jun 2013

AirAsia's participation in Invest Malaysia hosted by Maybank, Kuala Lumpur

20 Jun 2013

AirAsia's participation in CIMB Asia Pacific Conference, Kuala Lumpur

11 Sep 2013

Company visit by TA Securities for investors to Indonesia AirAsia, Jakarta

23 Sep 2013

AirAsia's participation in CLSA Investor Forum, Hong Kong

8 Oct 2013

Investors' visit to AirAsia's headquarters and operations in LCCT hosted by Daiwa Capital Markets Hong Kong

25 Nov 2013

AirAsia's Presentation to the Economic Council of Malaysia

30 Nov 2013

AirAsia's Investor Relations team hosts a special workshop for members of the media in Kuala Lumpur

2 Dec 2013

AirAsia's Non-Deal Roadshow hosted by RHB, Kuala Lumpur



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groups

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ASSET MANAGEMENT - SECURITIES SERVICES - INSURANCE

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1 leading low cost airline in Asia



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AirAsia



ICONIC





OPEN

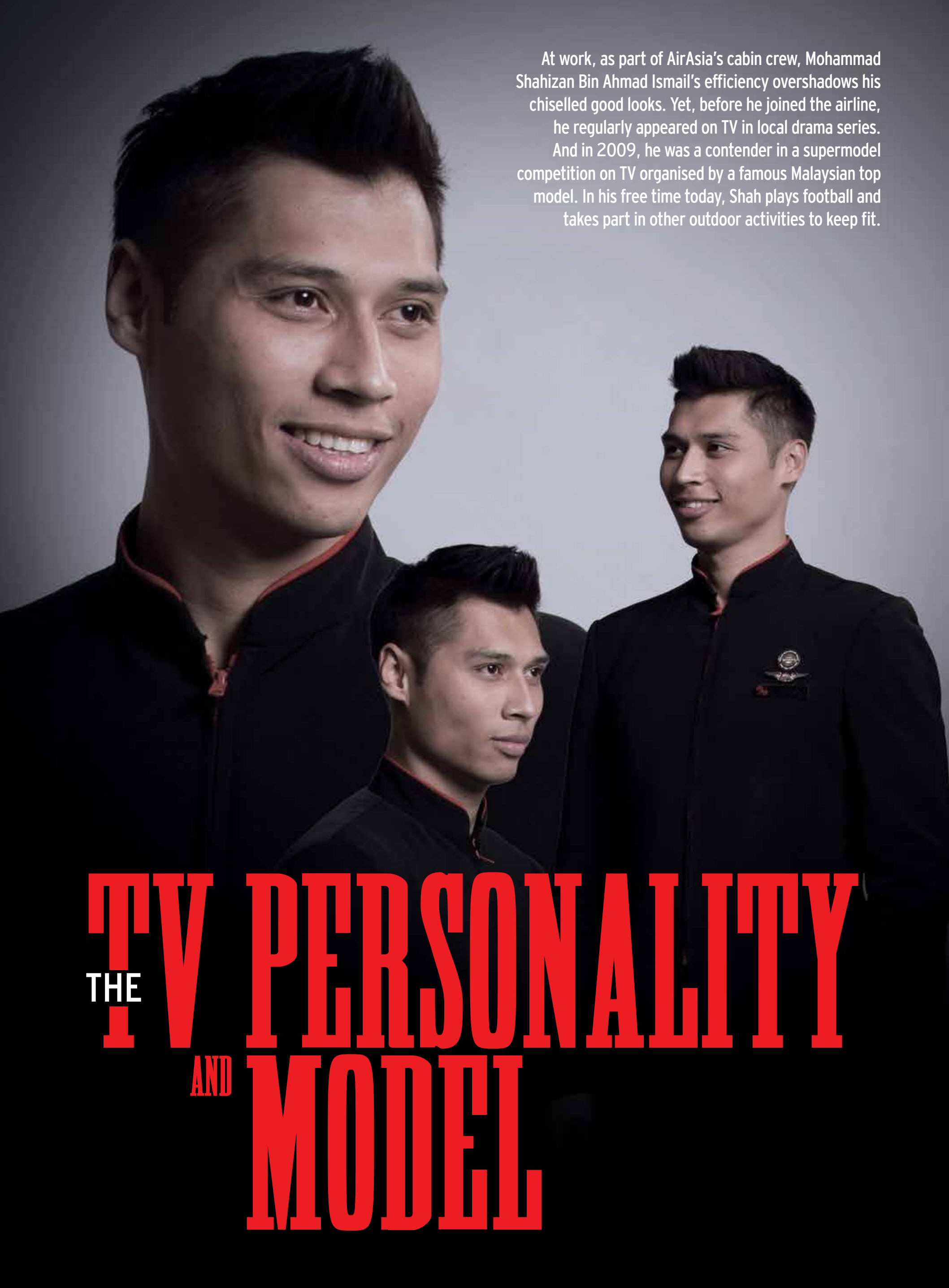
Mohammad Shahizan Bin Ahmad Ismail



ICONIC



Mohammad Shahizan Bin Ahmad Ismail

A photograph of three men in AirAsia cabin crew uniforms. The man on the left is the largest and is smiling broadly at the camera. The man in the middle is smaller and is looking off to the side with a neutral expression. The man on the right is also smaller and is looking towards the left with a slight smile. They are all wearing dark, high-collared jackets with a red stripe at the collar and a small AirAsia logo on the left chest of the man on the right. The background is a plain, light-colored wall.

At work, as part of AirAsia's cabin crew, Mohammad Shahizan Bin Ahmad Ismail's efficiency overshadows his chiselled good looks. Yet, before he joined the airline, he regularly appeared on TV in local drama series. And in 2009, he was a contender in a supermodel competition on TV organised by a famous Malaysian top model. In his free time today, Shah plays football and takes part in other outdoor activities to keep fit.

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annually²

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pick a seat annually

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AirAsia X Premium
**FlatBed
upgrade¹**

Up to **3x**
AirAsia points
for all purchases³

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www.citibank.com.my/airasia today.

¹AirAsia X Premium FlatBed upgrade only applies to AirAsia-Citibank Platinum Visa Credit Card for tickets purchased with the card and is subject to seat availability. ²AirAsia-Citibank Platinum Visa Credit Cardmembers will be rewarded with 6 complimentary In-flight meals and 2 Pick a Seat privileges. AirAsia-Citibank Gold Visa Credit Cardmembers will be rewarded with 3 complimentary in-flight meals and 1 Pick a Seat privilege. Both benefits will only be rewarded to cardmembers who fulfil the annual spend criteria for his/her card within a 12-month period from card approval date. ³AirAsia-Citibank Platinum Visa Credit Cardmembers will earn up to 3x AirAsia Points and AirAsia-Citibank Gold Visa Credit Cardmembers will earn up to 2x AirAsia Points depending on card monthly spend.
Citibank Berhad (297089-M)



Shell Aviation



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- Professional, dedicated teams across the globe, trained to deliver safe and efficient refuelling
- Goal Zero safety policy through stringent refuelling procedures
- Operational standards maintained with staff refresher training every 3 years and over 600 audits a year
- 'Best Technical and Operational Performance' winner for the 12th consecutive year at the 2013 Armbrust Awards

www.shell.com/aviation

CORPORATE INFORMATION



BOARD OF DIRECTORS

Datuk Kamarudin bin Meranun

(Non-Independent Executive Chairman)

Tan Sri Dr. Anthony Francis Fernandes

(widely known as Tan Sri Dr. Tony Fernandes)

(Non-Independent Executive Director and Group Chief Executive Officer)

Aireen Omar

(Executive Director and Chief Executive Officer)

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar

(Non-Independent Non-Executive Director)

Datuk Mohd Omar bin Mustapha

(Senior Independent Non-Executive Director)

Dato' Mohamed Khadar bin Merican

(Independent Non-Executive Director)

Dato' Fam Lee Ee

(Independent Non-Executive Director)

Robert Aaron Milton

(Independent Non-Executive Director)



CORPORATE INFORMATION



AUDIT COMMITTEE

Dato' Mohamed Khadar bin Merican
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Dato' Fam Lee Ee

NOMINATION AND REMUNERATION COMMITTEE

Datuk Mohd Omar bin Mustapha
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Dato' Fam Lee Ee

SAFETY REVIEW BOARD

Robert Aaron Milton
Dato' Mohamed Khadar bin Merican
Aireen Omar

COMPANY SECRETARY

Jasmindar Kaur A/P Sarban Singh
(MAICSA 7002687)

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
50706 Kuala Lumpur, Wilayah Persekutuan
Malaysia
Tel : (603)-21731188
Fax : (603)-21731288

REGISTERED OFFICE

AirAsia Berhad
(Company No. 284669-W)
B-13-15, Level 13, Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) - 74914318
Fax: (603) - 78872318
E-mail : investorrelations@airasia.com
Website : www.airasia.com

HEAD OFFICE

LCC Terminal, Jalan KLIA S3
Southern Support Zone, KLIA, 64000 Sepang,
Selangor Darul Ehsan, Malaysia
Tel : (603) - 86604333
Fax : (603) - 87751100

SHARE REGISTRAR

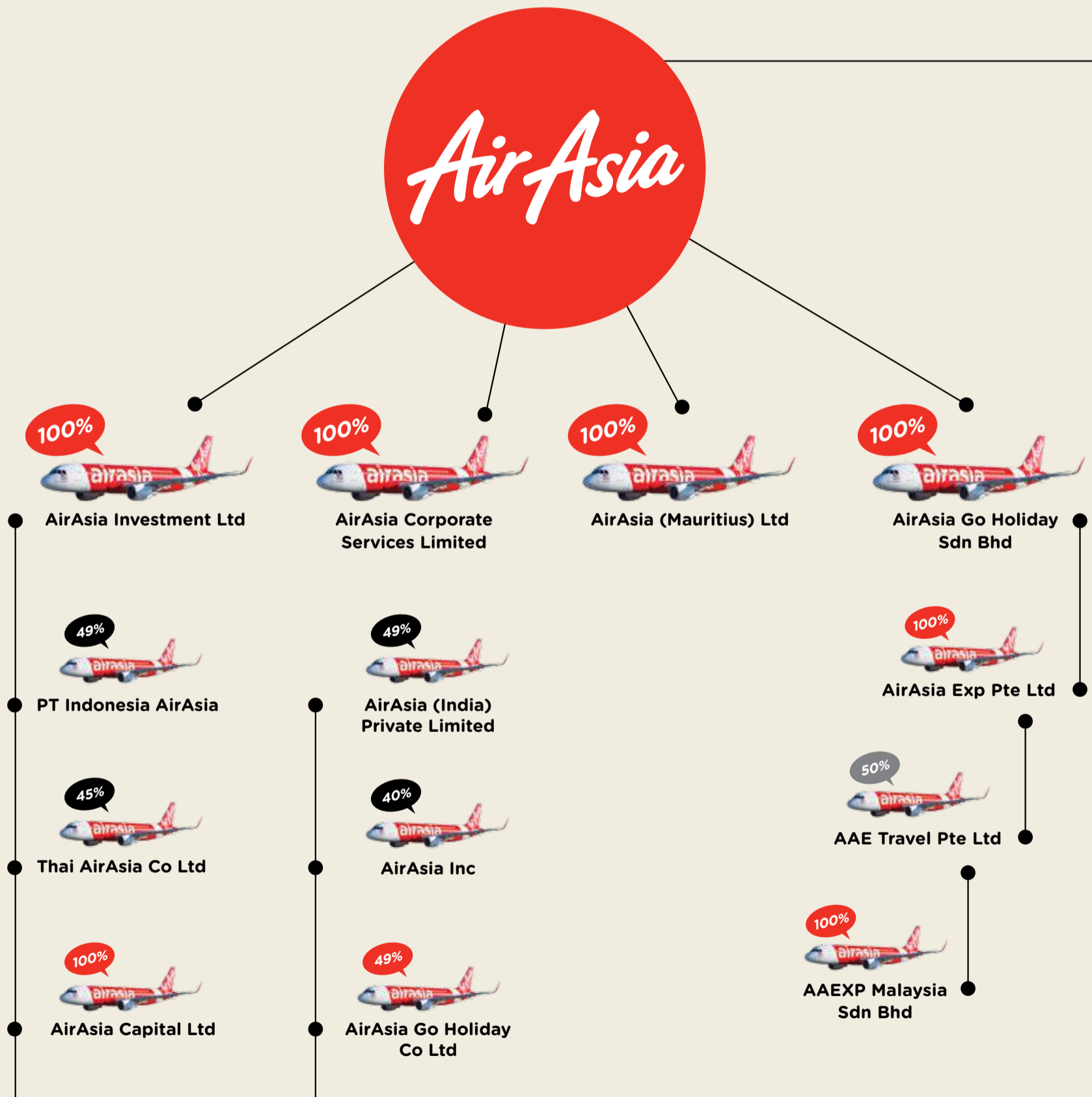
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) - 78418000
Fax: (603) - 78418008

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 22 November 2004) (Stock code: 5099)



CORPORATE STRUCTURE



C O R P O R A T E S T R U C T U R E



Aras Sejagat Sdn Bhd



Asian Contact Centres Sdn Bhd



AirAsia Philippines Inc



Koolred Sdn Bhd



AirAsia Global Shared Services Sdn Bhd

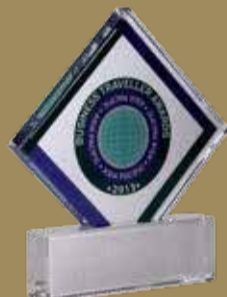


Think BIG Digital Sdn Bhd



Asian Aviation Centre of Excellence Sdn Bhd





2 JULY

Among Best Companies to Work for in Asia 2013
HR Asia Magazine

3 JULY

Best Investor Relations Website (Mid Cap)
The Malaysian Investor Relations Association Berhad (MIRA)

21 AUGUST

Number One Top 10 Budget Airline
Smart Travel Asia's 2013 Best in Travel Poll

27 SEPTEMBER

The First China Domestic A320 Aircraft Export
Leasing Business Innovation Award
1st China Air-Finance Award

27 SEPTEMBER

Best Low-Cost Airline
Business Traveller Asia-Pacific Awards

3 OCTOBER

Best Asian Low-Cost Carrier
TTG Travel Awards 2013

7 NOVEMBER

Most Popular Graduate Employer For Leisure, Travel & Hospitality
2013 Malaysia's 100 Leading Graduate Employers by GTI Media

30 NOVEMBER

World's Leading Low Cost Airline
World Travel Awards 2013

10 DECEMBER

Best in Sector for Transport (Including Logistics & Infrastructure)
IR Magazine Awards South East Asia 2013

21 JANUARY 2014

Best Asean Marketing & Promotional Campaign
27th ASEANTA Awards for Excellence 2013

PAST AWARDS

Best Asian Low-Cost Carrier
23rd Annual TTG Travel Awards (2012)

Best Low-Cost Airline
Business Traveller Asia-Pacific's Annual Travel Awards (2012)

No. 1 Top-Performing Airline
Aviation Week (2012)

World's Best Low-Cost Carrier 2012 & Best Low-Cost Airline - Asia 2012
Skytrax World Airline Survey

Airline of the Year & Low Cost Airline of the Year
KLIA Awards by Malaysia Airports (2012)

Foreign Airline of the Year & Foreign Airline of the Year By Sector - South East Asia
Indonesia AirAsia, KLIA Awards by Malaysia Airports (2012)

Best in Class
Airline Listening Champion
Airline Talking Champion (Top Three)
eezer.com (2012)

Value Airline of the Year
38th ATW Annual Airline Industry Achievement Awards (2012)

World's Best Low-Cost Airline
Skytrax World Airline Awards (2011)

Best Asian Low-Cost Carrier
TTG Travel Awards (2011)

Asia Pacific Value Airline of the Year
Frost & Sullivan Asia Pacific Aerospace & Defense Awards (2011)

World's Best Low-Cost Airline
Skytrax World Airline Awards (2010)

One of the top 10 Airlines in the Passenger Carriage category
Changi Airport Group (CAG) (2010)

Best Asian Low-Cost Carrier
TTG Travel (2010)

Contribution to Taiwan Tourism
Taiwan Tourism (2010)

Airline of the Year - AirAsia X
AirAsia X Centre for Asia Pacific Aviation (CAPA) (2009)

World's Best Low-Cost Airline
Skytrax World Airline Awards (2009)

Best Asian Low-Cost Carrier
TTG Travel Awards (2009)

Low-Cost Carrier of the Year
Kuala Lumpur International Airport (KLIA) (2008)

Commendations of Prestige
Macau Special Administrative Region (2008)

50 Most Innovative Companies in the World
FastCompany.com (2008)

Airline Market Penetration Leadership of the Year
Frost & Sullivan (2008)

Best Budget Airline in Asia
SmartTravelAsia.com (2008)

Best Newcomer
Budgie World Low-Cost Airline (2008)

Best Asian Low-Cost Carrier
TTG Travel Awards (2008)

Top 5 among the Most Recognised and Admired Airlines in the Asia-Pacific region
Asia Pacific Top 1,000 Brands survey (2008)

Best Low-Cost Airline in Asia
Skytrax World Airline Awards (2007)

Airline of the Year
Centre for Asia Pacific Aviation (CAPA) (2007)

Asia's Best Budget Airline
SmartTravelAsia.com (2006)

Transport Company of Excellence
Ports World Sdn Bhd and the Chartered Institute of Logistics and Transport Malaysia (2005)

Asia's Best Under a Billion
Forbes (2005)

Regional/Low-Cost Leadership in Airline Business Strategy
Airline Business (2005)

Asia Pacific Low-Cost Airline of the Year
the Centre for Asia Pacific Aviation (CAPA) (2004)

Best Managed Company in the Airlines and Aviation Sector
Euromoney (2004)

Best Newly Listed Company (3rd Place)
Euromoney (2004)

Market Leadership
Air Transport World (2004)

Asia Pacific Airline of the Year
Centre for Asia Pacific Aviation (CAPA) (2003)

Developing Airline of the Year
Airfinance Journal (2003)

CAPITAL MARKETS

Aircraft Debt Deal of the Year for Asia for ECA backed financing with BNP Paribas (2010)

Aircraft Debt Deal of the Year Asia for ECA backed financing with Barclays Capital (2009)

Best Islamic Loan Deal
The Asset (2009)

The Most Outstanding Islamic Financial Product
KLIFF Islamic Finance (2009)

Top 10 Deals in Asia
Islamic Finance Asia (2008)

Aircraft Leasing Deal of the Year - Asia
Jane's Transport Finance (2008)

Cross Border Deal of the Year
Islamic Finance News (2008)

Ijarah Deal of the Year
Islamic Finance News (2008)

Groundbreakers - Top 10 Deal in Asia
Islamic Finance News (2008)

Most Innovative Deal of the Year
AirFinance Journal (2008)

Triple A Regional Award for Best Airline IPO
The Asset magazine (2004)

Best IPO of the Year
The Edge Singapore (2004)

CORPORATE GOVERNANCE

Best Strategic Corporate Social Responsibility
2nd Annual Southeast Asia Institutional Investor Corporate Awards by Alpha Southeast Asia (2012)

Best Investor Relations Company for Malaysia
2nd Asian Excellence Recognition Awards by Corporate Governance Asia (2012)

Best Investor Relations Officer for Malaysia
Benyamin Ismail, 2nd Asian Excellence Recognition Awards by Corporate Governance Asia (2012)

Best CEO for Investor Relations - Mid Cap
Tan Sri Dr. Tony Fernandes, Second Annual MIRA Malaysia Investor Relations Awards (2012)

Best Investor Relations Professional - Mid Cap
Benyamin Ismail, Second Annual MIRA Malaysia Investor Relations Awards (2012)

Best Managed Company in Malaysia (Medium Cap)
Asiamoney (2011)

Best CEO for IR (Mid Cap)
Tan Sri Dr. Tony Fernandes, Malaysia Investor Relations Awards (2011)

Best IR Professional (Mid Cap)
Benyamin Ismail, Malaysia Investor Relations Awards (2011)

Best IR Website (Mid Cap)
Malaysia Investor Relations Awards (2011)

**Asia's Best CEO (Investor Relations)**

Tan Sri Dr. Tony Fernandes, Asian Excellence 2011 Corporate Governance Asia Recognition Awards

Best Investor Relations (Company)

Asian Excellence 2011 Corporate Governance Asia Recognition Awards

Best Investor Relations Professional

Benyamin Ismail, Asian Excellence 2011 Corporate Governance Asia Recognition Awards

Vocational Excellence Service for Corporate Category

The Rotary Club of Kuala Lumpur West Titiwangsa Utara Subang Jaya

Asia's Best Emerging Companies with regards to Corporate Governance

The Asset magazine (2007)

BRANDING & MARKETING**Gold in the Transportation, Travel and Tourism Category**

Putra Brand Awards, The People's Choice by 4As Malaysia (2012)

Malaysia's 30 Most Valuable Brands Awards

Association of Accredited Advertising Agents (4As) in collaboration with Interbrand (2012)

Top 20 Brands & Top 10 Risers by Brand Value

Brand Finance's Fifth Annual 'Top 100 Malaysian Brands' (2012)

Gold in the Transportation, Travel and Tourism category

Putra Brand Awards (2011), The People's Choice

Asia's Best Employer Brand

2nd Asia's Best Employer Brand Awards (2011)

Best Marketing Campaign

Budgie World Low-Cost Airlines Asia Pacific (2010)

Gold for Transportation, Travel and Tourism

Putra Brand Awards (2010)

Excellence in Branding & Marketing and Entrepreneur Excellence

CMO Asia Awards (2010)

Brand of the Year

Media's Agency of the Year (AOY) Awards (2009)

Brand of the Year

Media Magazine (2009)

Asia's Top 100 Brands

Media Magazine (2006)

Malaysian Superbrands

Superbrands International (2003)

INNOVATION, COMMUNICATIONS & TECHNOLOGY**Customer Lover**

Web In Travel (WIT) WITovation Awards (2011)

Social Media Experience

Eptica Customer Service Innovation Award (2011)

Global ICT in the Private Sector category

World Information Technology and Service Alliance (WITSA) (2010)

Private Sector Excellence

World Information Technology and Services Alliance (WITSA) (2010)

Best Use of Digital Search

Gold Malaysian Media Awards (2010)

PIKOM ICT Organisation Excellence

PIKOM ICT (2008)

CIO Top 100 Honorees

Excellence in Strategic IT Deployment (2003)

Most Popular Website for Online Shopping

ACNielsen Consult (2003)

CARGO**Rising Star Carrier of the Year**

AirAsia Cargo, Payload Asia Awards (2012)

World's Best Air Cargo Industry Customer Care Award

Air Cargo Week (ACW) (2012)

Fastest Growing Foreign Airline for Cargo

Guangzhou Baiyun International Airport (2011)

World's Best Customer Care

Air Cargo Week (2011)

Asia's Best Low-Cost Cargo Carrier

Aviation Awards Asia (2011)

Air Cargo Industry Newcomer of the Year

ACW World Air Cargo Awards (2010)

HUMAN CAPITAL**Most Popular Graduate Employer in Leisure, Travel and Hospitality**

Malaysia's 100 Leading Graduate Employers Awards (2012)

Most Popular Graduate Employer Finalist

Malaysia's 100 Leading Graduate Employers 2011, Leisure, Travel & Hospitality

Airline Human Capital Development Strategy

Frost & Sullivan (2007)

LEADERSHIP**GQ India's International Businessman of the Year**

Tan Sri Dr. Tony Fernandes, GQ Men of the Year Awards (2012)

Malaysia's Outstanding CEO

Tan Sri Dr. Tony Fernandes, The Edge Billion Ringgit Club (BRC) (2012)

Best CEO for Malaysia

Tan Sri Dr. Tony Fernandes,
2nd Asian Excellence Recognition Awards by Corporate Governance Asia (2012)

Individual Achievement of the Year

Tan Sri Dr. Tony Fernandes
1st Malaysia Achievement Awards by Malaysia Achievement Organisation (MACA) (2012)

Commander of the Order of the British Empire

Tan Sri Dr. Tony Fernandes by Her Majesty Queen Elizabeth II

Visionary CEO of the Year

Tan Sri Dr. Tony Fernandes, Global Leadership Awards (2011)

Top 100 Most Influential People for Japan

Tan Sri Dr. Tony Fernandes, Nikkei Business Magazine (2011)

Travel Business Leaders

Tan Sri Dr. Tony Fernandes, Asia Travel Leaders Summit Gala (2011)

The 10 Most Creative People on Twitter

Tan Sri Dr. Tony Fernandes, FastCompany.com (2011)

Entrepreneur of the Year in 'Emerging' category

Conor Mc Carthy, The Ernst & Young Entrepreneur of the Year (2011)

3rd World Chinese Economic Forum Lifetime Achievement

Tan Sri Dr. Tony Fernandes, Asian Strategy & Leadership Institute in Recognition of Leadership in Air Travel

Masterclass Global CEO of the Year

Malaysia Business Leadership Award (MBLA) (2010)

Nikkei Asia Prize

Nikkei Inc (2010)

Officer of the Legion d' Honneur

Government of France (2010)

Honorary Doctorate of Business Innovation

Universiti Teknologi Malaysia (2010)

SME Overseas Platinum Award

SMI Association of Malaysia (2010)

Forbes Asia's Businessman of the Year

Forbes Asia (2010)

Laureate Award in the Commercial Air Transport category

Aviation Week (2009)

TTG Travel Personality of the Year

TTG Travel Awards (2009)

Excellence in Leadership for Exemplary Leadership Skills

Frost & Sullivan (2009)

CAPA Legend and CAPA's Aviation Hall of Fame

Centre of Asia Pacific Aviation (2009)

Rising Leaders - The Next 10 Years

Singapore Institute of International Affairs (SIA) in collaboration with AXN Asia (2008)

Malaysian Global Brand Icon of the Year

Global Brand Forum (2008)

Tourism Personality of the Year

Libur Travel Magazine (2008)

Board of Directors of Malaysia Tourism Promotion Board

Tourism Malaysia (2008)

Brand Laureate Brand Personality Asia Pacific

Asia Pacific Brand Foundation (2007)

Minister's Special Recognition

Sabah Tourism Awards (2007)

Master Entrepreneur

Ernst & Young Entrepreneur of the Year Malaysia (2006)

Asia Pacific Aviation Executive of the Year

Centre of Asia Pacific Aviation (2005)

CAPA Asia Pacific Aviation Executive of the Year

Centre of Asia Pacific Aviation (2004)

25 Stars of Asia Honorees listing

Business Week (2004)

CEO of the Year

Business Times and American Express (2003)

Challenging the status quo.

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* Acritas Global Elite Law Firm Brand Index 2013.



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MEDIA HIGHLIGHTS 2013



PRINT

JANUARY

PM dorong kejayaan AirAsia

SEPANG 5 Jan. - Keputusan Perdana Menteri, Datuk Seri Najib Tun Razak mengurangkan cukai lapangan terbang pada 2007 telah menjadi pemangkin kepada kejayaan Malaysia sebagai hab penerbangan tambang murah.

Ketua Pegawai Eksekutif (CEO) Kumpulan AirAsia, Tan Sri Tony Fernandes berkata, keputusan tepat Najib itu turut mendorong peningkatan jumlah penumpang AirAsia lebih 30 peratus setahun sejak 2007. "Pada 2007, saya dan Datuk Kamarudin Meranun (Timbalan CEO Kumpulan



Najib bersama Ketua Pegawai Eksekutif Kumpulan AirAsia, Tan Sri Tony Fernandes, pegawai kanan AirAsia dan penumpang bergambar selepas merasmikan Program Integrasi 1Malaysia bersama AirAsia di Sepang, semalam. (FOTO AHMAD IBRAHIM MOHD-SOOR-SHI)

KLIA2 siap Mei, dibuka 28 Jun

Sepang: Lapangan Terbang Antarabangsa Kuala Lumpur 2 (KLIA2) yang dijadualkan siap Mei ini, dijangka dibuka secara rasmi pada 28 Jun iaitu sama dengan tarikh pembukaan KLIA pada 28 Jun 1998.

Saya sudah menyuarakan pandangan kita tidak perlu tergesa-gesa membuka KLIA2 (apabila ia siap). "Tetapi sebagai mana disasarkan, saya memutuskan ia harus berlepas tarikh pembukaan KLIA (sebelum ini) ia

sebagai mana sekarang," katanya berseloroh ketika berucap merasmikan lukisan badan pesawat khas AirAsia 1Malaysia dan Program Integrasi 1Malaysia bersama AirAsia di Terminal Penerbangan Tambang Murah (LCCT) di sini, semalam. Pada majlis itu, Perdana Menteri turut mengumumkan "Program Integrasi 1Malaysia" bersama AirAsia yang menawarkan penerbangan percuma bagi laluan antara Sabah, Sarawak dan Semenanjung, untuk satu tempoh

dua dilhamkan beliau itu pasti "mendekatkan" lagi masyarakat Sabah dan Sarawak dengan Semenanjung. "Saya lihat 1Malaysia sebagai konsep cukup bermakna dan boleh membawa negara ke tahap mercu kejayaan yang kita impikan," katanya. Beliau berkata, konsep itu menekankan soal "inklusi" dalam setiap usaha yang digerakkan kerajaan, kerana kerajaan sedar potensi negara boleh direalisasikan jika semua pihak dapat bergerak dan bertindak sebagai satu komuniti,

'AirAsia 1Malaysia' free flights good news for integration

KOTA KINABALU: Programmes like the AirAsia 1Malaysia Integration Programme are the key to national integration among the multi-racial communities of this country, said United Sabah Borneo Organisation president Datuk Seri Salleh Said Keruak. He welcomed the programme launched by Prime Minister Datuk Seri Najib Tun Razak yesterday, which included an offer of one month free flights between Peninsular Malaysia,

Sabah and Sarawak, at a yet to be specified date. "This is good news for bringing the Sabah, Sarawak and Peninsular Malaysia communities closer," he told Bernama when contacted here yesterday. Meanwhile, the Kadazandusun Murut Welfare and Education Association patron Datuk Latif Kandok said he was confident the programme would have a positive impact on the Kadazandusun Murut community in Sabah,

particularly those in the rural areas who have never visited the Peninsular. "The programme is proposed for this year, the sooner it's implemented the better as I see the Prime Minister's approach is in line with the 1Malaysia concept he inspired," he added. Latif also hoped those who participate in the programme would be provided with free guided tours in order to achieve its aim of getting to know the tourist attractions in Peninsular Malaysia. — Bernama



FEBRUARY



"Situasi terkini sesuai untuk perkenal tambang rendah AirAsia yang mampu merangsang penerbangan dan mengembangkan pasaran"

Tony Fernandes, Ketua Kumpulan AirAsia

AirAsia lebar sayap ke India

Usaha sama dengan dua syarikat tubuh penerbangan tambang murah

tertakluk kepada Lembaga Pengangkutan Penerbangan Asia Tenggara (FAP). "Pihak terbabit sudah meletakkan syarat peringkat tinggi dengan merujuk kepada perkongsian dicadangkan, termasuklah cadangan melaksana perjanjian muatan seperti perjanjian pemegang saham dan dokumen berkaitan jika diluluskan FAP. "Jika kelulusan diperolehi, AirAsia akan mengeluarkan pengumuman lanjut dalam bentuk yang ditetapkan di bawah Peraturan Penyesaran Pasaran Utama," kata syarikat itu.

AirAsia Bhd bercadang untuk bekerjasama dengan dua syarikat In-

AirAsia Q4 net profit almost tripled

PETALING JAYA: AirAsia Bhd has declared an annual 20% of net operating profit dividend payout as it nearly tripled fourth-quarter net profit on lower foreign exchange (forex) losses and deferred taxation payments.

The budget carrier posted a net profit of RM30.6 million for the three months ended Dec 31, 2012 (Q4) from RM130.7 million a year ago.

Forex losses for Q4 stood at RM20.9 million from RM70.6 million, while the carrier also paid lower deferred taxes at RM8 million in Q4 compared with RM189.7 million a year ago.

Revenue was marginally higher at RM1.4 billion from RM1.28 billion a year ago.

AirAsia also announced a special dividend of 18 sen per share and final dividend of 6 sen per share for the financial year ended Dec 31, 2012 (FY12), payable on April 12, 2013.

"In 2013, all of our new A320s will come with sharklets, which is 4% more fuel efficient and will contribute to at least RM200,000 of fuel savings. Other than that, the objective this year is to maintain our market leadership through a number of strategies," AirAsia Malaysia CEO Aileen Omar said in a statement yesterday.

"We have been holding back on capacity expansion in the last two years to make room for our associates to grow. We will now ramp up on capacity by adding 10 aircraft to support the increasing demand in Malaysia.

"More routes will be introduced in 2013 and we will be adding a lot more frequencies especially on the popular routes like Sabah, Sarawak and Johor," she added.

The carrier's FY12 net profit also rose more than three-fold to RM1.88 billion from RM555.3 million the previous year due to a one-off gain of RM1.6 billion from the disposal of its stake in Thai AirAsia.

Revenue for FY12 rose 11% to RM5 billion from RM4.5 billion.



AIRASIA BHD

AirAsia catat untung bersih RM1.88 bilion

Keuntungan bersih AirAsia Bhd bagi tahun kewangan berakhir 31 Disember 2012 meningkat kepada RM1.88 bilion berbanding hanya RM555.3 juta dalam tempoh sama tahun sebelumnya.

Dalam kenyataannya semalam, AirAsia berkata keuntungan bersih itu termasuk hasil RM120.1 juta yang diraihinya daripada pelupusan empat peratus keuntungan.

"Ia juga termasuk keuntungan nilai tara baki 45 peratus kepentingan ekuiti dalam Thai AirAsia yang bernilai RM1.04 bilion," katanya.

AirAsia untung RM1.88b

AIRASIA Bhd mencatat keuntungan bersih RM1.88 bilion bagi tahun kewangan berakhir 31 Disember 2012, meningkat 45% berbanding RM1.28 bilion pada tahun yang sama.

Ketua Pegawai Eksekutif AirAsia, Tan Sri Tony Fernandes berkata, keuntungan bersih itu termasuk hasil RM120.1 juta yang diraihinya daripada pelupusan empat peratus keuntungan.

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AirAsia net profit surges 238%

AIRLINE announces new annual dividend policy. AirAsia said the increase in net profit in FY12 was partly due to the RM120.1 million gain on disposal of a 4% equity interest and a fair value gain on the remaining 45% equity interest in Thai AirAsia of RM1.04 billion. For 6Q12, AirAsia posted a net profit of RM350.6 million, against RM130.7 million for 6Q11. The better performance was supported by a 7% growth in passenger volume while the average fare was 3% higher at RM201 compared with RM186 achieved in 6Q11. The company has proposed a final single-tier dividend of 6 sen for FY12, its earnings per share for the year increased to 67.6 sen from 20 sen a year earlier.

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AirAsia terima anugerah



AIRASIA diiktirafkan sebagai Best Regional ECA-backed Facility bersama mafi's Triple A Transaction Banking Awards 2013 yang dianjurkan The Asset, peneraju penerbitan kewangan untuk kepoint Asia dan institusi pelabur global.

Anugerah tersebut menggambarkan kepercayaan dan pendekatan inovatif AirAsia dan rakan kongsi dalam merendahkan perbandingan untuk pesawat Airbus A320.

La juga salah satu pengiktirafan yang besar ke atas kejayaan AirAsia dan J.P. Morgan yang ditandatangani pada 2011 dengan kredit eksport United Kingdom (ECA), Eksport Kewangan United Kingdom (UKEF) sebagai penjamin transaksi.

Penerbitan itu menampilkan saiz berurusan AS\$600 juta, dengan J.P. Morgan sebagai pengatur dan pembayar tunggal dalam memperoleh 18 pesawat Airbus A320, dengan penghantaran yang diadukan pada 2012 dan 2013.

Kemudahan kewangan 12 tahun adalah 100

peratus dijamin oleh UKEF. Setakat tri, 10 Airbus telah disampaikan dan lapan lagi akan dihantar menjelang akhir tahun ini.

Ketua Pegawai Eksekutif AirAsia Bhd, Aireen Omar berkata, inovasi penting untuk pertumbuhan dan strategi kewangan syarikat.

"Dalam melakukan kelebihan sebagai syarikat penerbangan tarimbang rendah terkuat dunia, penting bagi kita untuk mendapatkan pembiayaan pesawat pada kadar yang kompetitif.

"Penyesuaian inovatif J.P. Morgan dan pendekatan yang fleksibel bukan sahaja memberi kami peluang, tetapi juga dapat memenuhkan keperluan pembiayaan kami," katanya.

Pemerolehan pesawat sebahagian besar strategi pengembalian syarikat penerbangan itu untuk mengukuhkan kepemimpinan dalam pasaran. Walaupun berdepan ketidakpastian ekonomi, AirAsia terus berjanji ke hadapan dengan penangan untuk memperoleh pesawat lebih cepat untuk pertumbuhan di rantau ini.

AirAsia ambil alih 2 syarikat

Beli ekuiti Zest Airways Inc, Asia-wide Airways Inc dari Filipina

Deh Ahead Terkini Hajar
AirAsia Bhd membeli ekuiti Zest Airways Inc, Asia-wide Airways Inc dari Filipina



Penerbangan domestik AirAsia oleh AirAsia Philippines mampu memulakan industri penerbangan di Filipina

AirAsia Bhd membeli ekuiti Zest Airways Inc, Asia-wide Airways Inc dari Filipina. AirAsia mengumumkan pembelian ekuiti Zest Airways Inc, Asia-wide Airways Inc dari Filipina. AirAsia mengumumkan pembelian ekuiti Zest Airways Inc, Asia-wide Airways Inc dari Filipina.

Industri penerbangan Filipina mempunyai potensi yang besar untuk berkembang. Pakatan dua syarikat ini pasti mampu memulakan industri penerbangan di Filipina.

AirAsia bags 'LIMA 2013 Asean Low Cost Airline of the Year Award'

KUALA LUMPUR: Budget carrier, AirAsia Bhd, has won the "LIMA 2013 Asean Low Cost Airline of the Year Award" at the Asean Commercial Aviation Awards at the ongoing Langkawi International Maritime and Aerospace (LIMA'13) Exhibition.

AirAsia romped home the award in recognition of its high revenue growth, profitability and above average revenue passengers kilometres, Chief Executive Officer Aireen Omar said.

She said the achievement was made possible through unwavering focus and discipline in keeping costs low and providing the finest products and services, coupled with low fares.

"Our penchant for continuous innova-

tion and superior synergy of our short-haul and long-haul networks has given us an edge in becoming a leader in the global low cost carrier segment," she said in a statement.

AirAsia said the Asean Commercial Aviation Awards, hosted for the first time in conjunction with LIMA'13, aims to acknowledge and honour amazing achievements by the Asean commercial aviation fraternity last year. The award also aims to capture the leadership and innovation spirit that inspires significant and board-reaching progress in the booming aviation industry.

AirAsia was conferred the honour in a ceremony at the Mahsuri International Exhibition Centre in Langkawi Thursday. - Bernama

Aircraft funding honour for AirAsia

KUALA LUMPUR: AirAsia Bhd has won the "Best Regional ECA-backed Facility" award at the Triple A Transaction Banking Awards 2013, for utilising expertise and innovative approach in securing financing for its Airbus A320s fleet. The low-cost airline received the accolade in Hong Kong at an event organised by The Asset, a leading finance publication for Asian corporate and global institutional investors. "It is a significant acknowledgement on the success of

AirAsia's deal with JP Morgan, inked in 2011, with UK's export credit agency, United Kingdom Export Finance (UKEF) as the transaction's guarantor," said chief executive officer Aireen Omar. The winning agreement featured a deal size of US\$600 million (RM1.83 billion), with JP Morgan as the sole arranger and financier in acquiring 18 Airbus A320 aircraft, with deliveries scheduled in 2012 and 2013. The 12-year financing facility was fully guaranteed by UKEF.

Zulfahmi gets AirAsia support again

By LIM TEIK HUAT

KUALA LUMPUR: AirAsia will continue to support Malaysian motorcycle racing sensation Zulfahmi Khairuddin in his campaign in the Moto3 category of the world championship for this year.

It is the fourth year of sponsorship from AirAsia who have backed the 21-year-old since his debut race at the Malaysian Grand Prix in 2009 through the wildcard programme.

And bolstered by the support, the Banting-born rider has declared his intention to fight for the world championship crown if things fall his way.

Zulfahmi will be racing in the Red Bull KTM Ajo team together with Spaniard Luis Salom and Arthur Sissis of Australia when the season starts at the Losail Circuit in Qatar on April 4-7.

"Nothing is impossible for me," he said, when asked whether it is possible for him to start winning races and fight for the world title in his fourth full season.

"It was a great season last year as I scored two podium finishes and I hope things get even better this year. I had a good bike last year and was able to fight for the top 10 easily. My goal is to be pushing 110% for every race this year and go faster than before.

"It will be harder than last year

because many riders have got used to riding Moto3 bikes. Everyone was still learning last year as it was still new. But I am confident I have good support and I am confident I can fight for at least a top five overall finish and maybe even the world title.

"I am working hard to improve my fitness as it will be a long championship (18 races)," said Zulfahmi, who will be leaving for pre-season testing in Jerez later this month. Zulfahmi made history last year as the first Malaysian rider to win a pole position and mounted the podium twice.

He finished seventh overall on 128 points last year.



Brighter days ahead: Zulfahmi Khairuddin posing with AirAsia CEO Aireen Omar (second from left) and her two staff members yesterday. - S.S. KANESAN / The Star

AirAsia gets nod to buy stake in Indian venture

REPLICATES SUCCESS: Approval enables it to secure proper aviation licence in the country

INDIA: AirAsia has received approval from the Indian government to buy a stake in an Indian aviation venture. The approval enables it to secure proper aviation licence in the country.

AFTER LOSING A BET, BRANSON TO SERVE FLIERS IN SKIRT AND HEELS

The British magnate and Virgin Group founder, Richard Branson, will take to the skies in a female flight attendant's uniform on a charity flight next month to fulfill a bet he made Tony Fernandes, the head of the Malaysian low-cost airline AirAsia, over the fortunes of their teams in the 2010 Formula One season.

"The day of reckoning for Sir Richard has finally arrived," Mr. Fernandes said in an AirAsia news release on Monday.

'Pretty' Branson at your service

FOR CHARITY: British billionaire to become AirAsia 'stewardess' after losing F1 wager

MURADILLA MOHAMMAD
KUALA LUMPUR
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LUCKY AirAsia X passengers will have the chance of a lifetime to be served by Virgin Atlantic owner Sir Richard Branson, when the British billionaire takes on the role of an AirAsia flight attendant for a day on a charity flight from Perth to here.

The 17:20 flight scheduled on May 12 will see 60-year-old Branson all dolled up as a female AirAsia flight attendant, complete with a night red skirt, heels and make-up.

This follows a wager between Branson and AirAsia Group chief executive officer Tan Sri Tony Fernandes two years ago, after which of their Formula One racing teams would finish ahead of each other in their debut season of the 2010 Formula One Grand Prix in Abu Dhabi.

The loser would serve as a female flight attendant on board the winner's airline. Fernandes' team took Team Lotus, finished two spots above Branson's Marussia Virgin racing team in the final standings.

"The day of reckoning for Sir Richard has finally arrived," said Fernandes.

"Sir Richard and I have come full circle and who would have thought my mentor will be serving as a flight attendant on AirAsia.

"It's an awkward moment when you go down on your knees and recall the times I used to work for Richard. And it's hilarious to think now, that it's Richard who will be working for me as a sexy flight attendant."

Fernandes said as an AirAsia X flight attendant, Branson had to comply with the airline's grooming standards and that included shaving his legs, donning high heels, putting on make-up and slipping into AirAsia's famous red uniform.

He explained that Branson would be assisted to carry out the responsibilities of a flight attendant, including serving coffee, tea and other food and beverages to passengers on the special six-hour flight.

"You never know, it might just be you who is served by the legendary, dedicated, flight attendant Sir Richard on this once-in-a-lifetime flight, and there's a better way in honouring his loss in the wager than by donating to a charity organisation like the Starlight Children's Foundation."

The opportunity to join the charity flight is now open for booking at www.airasia.com until May 12 (or until seats are sold out).

Fares (one RM1,800 one way and RM370 from each seat will be donated to the Starlight Children's Foundation in Australia. The airline will also donate 50 per cent of all in-flight sales, including duty-free merchandise, to the foundation. Guests will also have the opportunity to make donations on board the special flight.

The foundation, established in 2005, aimed to brighten the lives of seriously ill and hospitalised children and their families through various activities. It will be celebrating its 20th anniversary this year.

Branson completes bet, raises RM896,500 for charity



A KUALA Lumpur-bound AirAsia X aircraft from Perth, Australia, touched down at the Low-Cost Carrier Terminal (LCCT) yesterday with aviation billionaire Sir Rich-

Opportunities for Sabahans being Created

Joint-effort to train rural youths to run energy projects

By RUBEN SARIO
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KOTA KINABALU: A joint local and American effort is under way to train youths from Sabah's indigenous communities to run micro scale alternative energy projects such as hydro power systems.

The local community-based Tobpinai Ningkokoton Koburuan Kampung (Tonibung) and Greens Empowerment of the United States have set up the Centre for

watersheds.

Green Empowerment programme coordinator Gabriel Wynn said micro-hydro systems that provided incentives for watershed conservation could be integrated with existing traditions and community resource management strategies to improve Sabah's ability to sustainably manage its natural resources.

Wynn said Create would be manned by individuals from villages who had strong technical

AirAsia bantu masyarakat Orang Asli



YAYASAN AirAsia menganugerahkan geran perusahaan sosial pertamanya di Malaysia kepada pertubuhan Tobpinai Ningkokoton Koburuan Kampung (Tonibung) atau Sahabat untuk Pembangunan Kampung, iaitu organisasi berpusat di Sabah yang mempunyai rekod 20 tahun dalam memperkasakan masyarakat Orang Asli di seluruh negara.

Menerusi geran itu, Tonibung akan menerima RM58,000 untuk menubuhkan satu skim sewa beli yang membolehkan masyarakat pribumi luar bandar memulakan projek hidro mikro di kampung mereka.

Geran pertama itu akan membolehkan sebuah turbin dipasang di Kampung Tikau, Sabah untuk menjana tenaga hidro yang bersih bagi memenuhi keperluan asas elektrik yang akan memanfaatkan 22 isi rumah di kampung itu yang tidak mempunyai akses kepada bekalan elektrik.

Ketua Pegawai Eksekutif Kumpulan AirAsia, Tan Sri Tony Fernandes berkata, AirAsia sendiri ditubuhkan



AirAsia inks RM27b deal for 100 engines

LELIS ANDRES AirAsia chief executive officer Airren Omar signed on behalf of the airline, while CFM parent company GE Aviation's vice-president for sales Kevin McAlister sponsored CFM International. Airren said AirAsia was confident of the Leap-1A and CFM56-5B engines as they were effective in terms of cost and efficiency. He said the engines would also be used for aircraft destined for the airline's latest joint-venture, AirAsia India, which is expected to be launched by the end of the year. McAlister said CFM and GE appreciated AirAsia's continued trust in CFM engines. "We are looking for the 200 engines for the A320 aircraft," he said.

AirAsia targets 30pc of tourist market in Myanmar

NAYPIDAW (MYANMAR): AirAsia Bhd, the region's biggest budget airline, plans to carry as much as 30 per cent of tourists visiting Myanmar as the Southeast Asian economy opens up for foreign investment and leisure travel. The carrier is targeting to move 500,000 passengers this year to the country, Tan Sri Tony Fernandes, AirAsia Group's chief executive officer, said in an interview here.



"We want to be 20 to 30 per cent of that pie,"
Tan Sri Tony Fernandes
AirAsia Group's CEO

The Southeast Asian nation may have about three million tourists this year, he said. "We want to be 20 to 30 per cent of that pie," Fernandes said. Myanmar President Thein Sein has allowed more political freedom and loosened economic controls since coming to power two

years ago, thus prompting the US and other countries to ease sanctions and attract companies such as the Coca-Cola Co and Ford

Motor Co to invest in the country. The opening up will help add to growth to Sepang, said AirAsia, which has ordered more than 300 aircraft from Airbus SAS as economic growth in the region spurs travel.

AirAsia has three daily flights connecting Bangkok with Yangon and one daily service between the Thailand capital and Mandalay.

The airline yesterday said it will fly from Bangkok to Naypyidaw daily starting in October.

Fernandes said further plane orders will depend on the company's board.

"Certainly, we can," Fernandes said.

"Whether we can do or not, we will have to wait and see and the board will have to look into it. The demand is there and we have to make sure that the demand is kept, he said." **Bloomberg**

AirAsia bags prestigious awards again

PARIS: Budget airlines AirAsia bagged the World's Best Low-Cost Airline and Asia's Best Low-Cost Airline titles at the 2013 World Airline Awards here.

AirAsia's low-cost long haul affiliate carrier AirAsia X also received the World's Best Low-Cost Airline - Premium Class and World's Best Low-Cost Airline - Premium Class Seat titles.

The titles were awarded at the Paris Air Show in Le Bourget near here.

This fifth consecutive year AirAsia has won both the awards - a global benchmark for airline excellence.

All four awards are also some of the most prestigious titles in the global airline industry. Two hundred airlines from over 160 countries took part in the ranking quality standards across more than 40 areas of airline front-line products and services to bag the titles.

The awards were received by AirAsia deputy group chief executive officer and AirAsia X co-founder and director Datuk Kamarudin Meranun and AirAsia Berhad chairman Datuk Aziz Bakar.

In a statement released at the air show, AirAsia group chief executive officer Tan Sri Tony Fernandes said it was a proud moment for both airlines.

"It is a testament of our continuous effort to deliver one of the best in-flight comforts. We are consistently seeking ways to improve our service in providing world class flying experience to our guests," said Fernandes.

"We started over 11 years ago with RM40mil in debt and today we are valued at RM9bil in terms of market capital."

"We have flown over 190 million guests to date and we look forward to welcome our 200th million guest on board soon," he added.



BERMULA tiga dari kiri Fam, Aziz, Aileen, dan Kamarudin bersama pramugari menunjukkan anugerah yang diterima, semalam.

Khidmat terbaik dunia

Oleh Manan Samad
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Le Bourget

AirAsia, AirAsia X terima dua anugerah berprestij Skytrax World Airline

Peneraju penerbangan tambang murah terkemuka, AirAsia Bhd (AirAsia) dan syarikat sekutunya, AirAsia X terus menempa nama di pentas antarabangsa apabila masing-masing menerima dua anugerah berprestij Skytrax World Airline sempena Pameran Udara Paris ke-50, semalam.

AirAsia dipilih sebagai syarikat penerbangan tambang murah terbaik dunia dan Asia untuk kali kelima berturut-turut manakala AirAsia X adalah penerbangan tambang murah terbaik dunia bagi kelas Premium dan tem-

pat duduk Premium. Timbalan Ketua Pegawai Eksekutif Kumpulan AirAsia Datuk Kamarudin Meranun berkata, keempat-empat anugerah itu adalah penghormatan besar kepada AirAsia dan AirAsia X untuk terus memberikan perkhidmatan terbaik kepada penumpang.

"Kami bermula 12 tahun lalu dengan hutang RM40 juta, kini modal pasaran kami bernilai RM9 bilion, malah AirAsia serta AirAsia X menerbangkan lebih 190 juta penumpang setakat ini dan tidak lama lagi bakal menerima penumpang ke-200 juta.

"Kami berterima kasih kepada penumpang di atas sokongan selama ini. Perjalanan kami tidak terhenti di sini, kami akan berusaha menjadikan penerbangan lebih ceria dan berpatutan pada masa depan," katanya selepas majlis penyampaian anugerah itu di sini, semalam.

Hadir sama, Pengerusi AirAsia Datuk Aziz Bakar, Ketua Pegawai Eksekutif AirAsia Airren Omar dan Ahli Lembaga Pengarah AirAsia Datuk Fam Lee Ee.

Anugerah itu tanda aras global untuk kecemerlangan dalam penerbangan komersial dan dianggap satu daripada anugerah paling berprestij dalam industri berkenaan.

Sementara itu, Aziz berkata, pihaknya berbangga kerana AirAsia dan AirAsia X membawa nama Malaysia ke mata dunia.

"Kejayaan ini untuk seluruh rakyat Malaysia dan membuktikan kejayaan AirAsia sejak beroperasi 12 tahun lalu," katanya.

Dalam perkembangan sama, Malaysia Airlines (MAS) memenangi dua anugerah iaitu Special 5-Star Airline Certification dan Best Airline Signature Dish.

Kempen 'high-five' AirAsia

Sepang: AirAsia yang baru-baru ini dinobatkan sebagai Syarikat Penerbangan Tambang Rendah Terbaik Dunia oleh Skytrax untuk tahun yang ke-5 berturut-turut meraikannya dengan melancarkan kempen bertemakan 'high-five' dengan hashtag #Hi5AirAsia. AirAsia dalam kenyataan-

Special meals up in the air

Revamped in-flight menu for AirAsia passengers

By FARRIS FADZLAN JALILAH
Photos by RIZKA YUS

AIRASIA passengers will have a wider selection of meals when they board the carrier at the air hub located in Sepang, the airline is introducing a new menu for its passengers monthly. The airline is introducing a new menu for its passengers monthly. The airline is introducing a new menu for its passengers monthly. The airline is introducing a new menu for its passengers monthly.



Raya Meal Combo available in July and August



'High-five' seats promotion on AirAsia

SELANGOR: After being named the "World's Best Low Cost Carrier" for the fifth consecutive year by Skytrax, the AirAsia Group had launched a "high-five"-themed campaign to collect as many

begins today - with two million promotional seats on all of AirAsia's route network, including on its long haul arm. The promotion, valid till Sunday, is for travel from Feb 10 to Aug



AUGUST

AirAsia now flies from KK to Hangzhou

BY STEPHANIE LEE
stephanielee@thestar.com.my

KOTA KINABALU: AirAsia launched its inaugural flight from Kota Kinabalu to Hangzhou city in China's Zhejiang province, with the aim of catering to the growing demand from the tourism industry in both countries.

AirAsia bhd chief executive officer Aireen Omar said the additional flight would help Malaysia and the province economically and socially.

"This is because we have many students and tourists here as well as in China, so with this additional destination to choose from, we can learn more about each other's culture and support each other financially," she said at a press conference here yesterday.

She said the two-way traffic between China and Malaysia was at a capacity of 80% to 90%.

Hangzhou, which is the capital of Zhejiang province in eastern China, is the airline's 26th route into China and the fifth from Kota Kinabalu to China.

Aireen said this was also a way to make Sabah a major international hub for both business and leisure travellers.

Sabah Tourism, Cultural and Environment Minister Datuk Masidi Manjun said the arrival rate from China to Sabah increased by over 7% in the first five months, compared to the same period last year.

He said his ministry had achieved about one-third of the targeted arrival for this year, with

MARION HOLESTON: (From left) AirAsia bhd chief executive officer Aireen Omar, Sabah Tourism, Cultural and Environment Minister Datuk Masidi Manjun, AirAsia bhd executive vice president Datuk Seri Nazri Aziz and AirAsia bhd chief executive officer Aireen Omar and Sabah Tourism Minister Datuk Masidi Manjun at the launch of AirAsia's new flight to Hangzhou, in Zhejiang province, China, on Thursday.



GE, AirAsia bantu masyarakat Orang Asli

Meredarai bukit-bukit di Sabah adalah satu pengalaman, EPIC Homes, sebuah badan sosial di bawah EPIC Collaborative Site (ECS), fokus untuk menyokong komuniti Orang Asli di Sabah dengan projek pembangunan rumah dan infrastruktur.



Dengan kerjasama pada masa ini, masyarakat Orang Asli di Sabah semakin maju dan berkembang. Aireen Omar, CEO AirAsia, dan Datuk Masidi Manjun, Menteri Sabah, bersama-sama dengan Datuk Seri Nazri Aziz, Menteri Sabah, dan Datuk Seri Shamsuddin, Menteri Sabah, menyaksikan projek pembangunan rumah dan infrastruktur di Sabah.

Projek pembangunan rumah dan infrastruktur ini bertujuan untuk meningkatkan taraf hidup masyarakat Orang Asli di Sabah. Aireen Omar, CEO AirAsia, dan Datuk Masidi Manjun, Menteri Sabah, bersama-sama dengan Datuk Seri Nazri Aziz, Menteri Sabah, dan Datuk Seri Shamsuddin, Menteri Sabah, menyaksikan projek pembangunan rumah dan infrastruktur di Sabah.

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A new place to call home for family

By J. ARISA
j.arisa@thestar.com.my

A 200 sq-ft two-bedroom house has transformed the life of an Orang Asli family in Batang Kali, Selangor, last week, courtesy of General Electric (GE) and AirAsia.

The house, built from scratch by 20 volunteers from both companies, was completed in three days.

The company collaborated with EPC Homes, an initiative by social entrepreneur EPC Collaborative Site (ECS), in cooperation with GE and AirAsia.

EPC Homes is an initiative in line with the low-income housing (LPH) National Key Results Area (NKRA) of the Government Transformation Plan (GTP) 2.0, under the purview of Prime Ministers.

Focused on building sustainable housing for the poor and underprivileged, the initiative is committed to ensuring that every Orang Asli has a safe home.

The family of Baid and Ima, who were the recipients of the house, joined in the fun and got into their new home to build their future with their four kids.



Sharing in caring: The team of 20 volunteers working hard to build the new house for Baid (left) and Ima.



Job well done: Aireen Omar and Aireen posing proudly at the construction site of the house for Baid.

In this project and other contributions and support from GE and AirAsia for underprivileged families in Malaysia.

"As a corporate citizen, we recognise the importance of being socially responsible towards local communities in the country. Our aim is not just to support but also to contribute to the goals of the national key results area."

Co-founder and CEO Collaborative Site (ECS) and AirAsia for their contribution in being social entrepreneurs towards local communities in the country. Our aim is not just to support but also to contribute to the goals of the national key results area."

"With the success of this project, we hope to collaborate further with the corporate sector as we play our part in enhancing the living conditions for underprivileged families."

"We are happy to partner with GE and AirAsia to support the national key results area and to contribute to the goals of the national key results area."

SEPTEMBER

AirAsia tawar 30,000 tempat duduk promosi

AirAsia Bhd menawarkan 30,000 tempat duduk promosi dari enam destinasi di Malaysia ke Singapura dengan tambang termasuk semua serendah RM49 sehalu.

Syarikat itu dalam kenyataannya berkata, promosi itu ditawarkan sehingga 22 September 2013, bagi perjalanan hingga 31 Disember 2013.

FAKTA NOMBOR

RM49 sehalu

dari enam destinasi di Malaysia ke Singapura

Ia berkata, bersempena dengan promosi itu, penumpang boleh menikmati potongan 15 peratus bagi tiket masuk ke Sentosa Spooktacular, destinasi pelancongan terbaru. "Selain itu, tetamu juga boleh menikmati potongan 10 peratus

56 Sarawak, Sabah kids see parade

KUALA LUMPUR: Fifty-six underprivileged children from Sabah and Sarawak were given the opportunity to witness the national-level Merdeka Day celebrations at Dataran Merdeka yesterday.

The children were flown in by AirAsia. For a fair number of them, it was their first experience travelling by plane. Accompanied by eight guardians, the children, ranging in ages from 10 to 17, were from the Rumah Anak Yatim Darul Bakti, Rumah Anak Ya-

AirAsia flies in 56 children from East Malaysia for 56th Merdeka Day celebrations

SEPANG: AirAsia continues to bridge the gap and fulfilled the dreams of 56 underprivileged children from East Malaysia to be in Kuala Lumpur recently and witness the 56th Merdeka Day celebrations up-close in Dataran Merdeka.

The 56 children - symbolic to Malaysia's 56th Merdeka - come from various homes in Sabah and Sarawak. The participating homes are Rumah Anak Yatim Darul Bakti, Rumah Anak Yatim Tamhunan and San Damiano Hostel (Boys & Girls) in Sabah and Kompleks Kawajiang Laila Taib in Sarawak. This was the first experience travelling by plane for a majority of the children.

The children, ranging from 10-17 years old, and accompanied by 8 guardians were flown by AirAsia to Kuala Lumpur from Kota Kinabalu on flight AK5113 and Kuching on AK5211. On board both flights, the children were entertained by AirAsia's multi-talented flight attendants, also known as the AirAsia Fun Team.

Upon arrival in Kuala Lumpur, AirAsia Berhad CEO Aireen Omar was present on the tarmac at the LCC Terminal to receive the chil-



AIRASIA Berhad CEO Aireen Omar receiving the underprivileged children from Kota Kinabalu last Friday. They were flown exclusively to Kuala Lumpur, to witness the 56th Merdeka Day celebrations up-close in Dataran Merdeka on August 31.



OCTOBER

AirAsia terima 345 lagi pesawat dalam 13 tahun

AirAsia Bhd akan menerima 345 pesawat Airbus A320 yang dioperasikan secara berperingkat dalam tempoh 13 tahun akan datang, yang akan mengukuhkan lagi keahliannya dalam industri perhubungan terapan dan serantau.



Aireen Omar

Presiden China, Xi Jinping, Mengingat MoU itu, Aireen berkata, mematuhi perjanjian itu, RBC akan menyediakan kemudahan pembiayaan pesawat selanjutnya bernilai AS\$1 bilion kepada AirAsia.

Potensi pengembangan Beliau berkata, syarikat tambang murah itu mulai bekerjasama dengan institusi kewangan yang berpangkalan di China itu sejak 2008.

Katanya, kerjasama terkini itu membolehkan AirAsia meningkatkan pembelian pesawat A320 pada kadar yang kompetitif.

"MoU ini adalah untuk membolehkan pembelian pesawat baru kami bagi beberapa

Malaysia-China relationship an opportunity of a lifetime, says Xi

PETALING JAYA: Malaysia and China set the stage for a boom in relationship and the economy with what Chinese President Xi Jinping has described as a once-in-a-lifetime opportunity.

He described the great opportunities available from the significant upgrading of trade and business ties between the two countries, as "shi fu zai lai" ("it will only come once" in Mandarin).

Based on what has been agreed by the two leaders over a five-year economic and trade cooperation, there is much in store for both countries to benefit.

Malaysia and China have also finalised the teamwork mechanism for the China-Malaysia Qinzhou Industrial Park (QIP), launched in April last year, and signed the agreed minutes for the setting up of a joint cooperation council of the QIP and the Malaysia-China Kuantan Industrial Park (MCKIP).

The MCKIP, the sister park of QIP in the Guangxi Zhuang autonomous region in China, was launched by Prime Minister Datuk Seri Najib Tun Razak in April 2011.

The formation of the council is a huge step forward for the iconic QIP-MCKIP tie-up, as it would be responsible for coordinating, promoting, monitoring and evaluating the progress and development of the

Based on responses after the milestone bilateral talk between Najib and Xi, the business community is certainly upbeat and expects the improvement of trade and investment flows to and from both nations.

"There will be fantastic opportunities for Malaysia to have strong ties with the second-largest economy in the world," said AirAsia CEO Aireen Omar.

Bersays Corp Ltd executive chairman Datuk Roha Tan hoped for more collaboration between businesses from Malaysia and China.

"China is definitely becoming a force to be reckoned with. It is good that its leader has placed emphasis on engaging Malaysia," he said.

Cheng Ho Multi Culture Trade & Investment Services Ltd managing director Datuk Wira Jalilah Baba said Malaysian companies should position themselves to tap into China's enormous investment valued at US\$500bil (RM1.6tril).

Shanghai Xike Hotel Equipment Co Ltd president is willing to invest more here. "For Chinese businesses, our interest is in expanding into Asean, and we've always reckoned Malaysia as one of the more important markets in the region."

The optimism is prevalent. To Malaysia and China, the success of both

By EUGENE MAHALINAM
eugene@thestar.com.my

SEPANG: AirAsia Bhd is urging the Government to implement policies on Budget 2014 to give the aviation industry a boost.

"This isn't a viable idea just from AirAsia. I think the entire industry would like to see better framework and infrastructure that can better facilitate the aviation industry," said AirAsia bhd chief executive officer Aireen Omar after the company launched its self-tagging baggage service at the low-cost carrier terminal (LCCT) yesterday.

She said better infrastructure around local airports would be able to handle a higher traffic load and compete with neighbouring countries.

"It means more airlines will want to fly into Malaysia, and more people coming into the country also means more contribution to the economy," said Omar.

Budget 2014 will be tabled on Oct 25.

On another note, Aireen said AirAsia had responded to the Malaysia Competition Commission (MCC) regarding the RM10bil fine that was slapped on the low-cost carrier and Malaysia Airlines (MAS) for allegedly breaching competition laws.

"We have responded earlier this week - within the timeframe that they give us."

MCC slapped MAS and AirAsia with a RM10bil fine each on Sept 6 for colluding the Competition Act 2010 during their short-lived tie-up in 2011.

AirAsia: Boost aviation industry

CEO hopes to see better framework and infrastructure



Here goes: AirAsia group head of ground operations Steven Dickson (second from left), Aireen (centre) and Preminders demonstrating the newly-launched self-tagging service at the LCCT to AirAsia passengers.

about the company's third and fourth-quarter earnings. "We expect to have one of our best fourth-quarter ever. (Our Thailand) business is doing well and Indonesia is also picking up," he said.

AirAsia's net profit in the second quarter ended June 30, 2013, was RM56.53bil compared with RM15.13bil a year earlier, but sales grew 5.8% during the period to RM1.25bil from RM1.18bil.

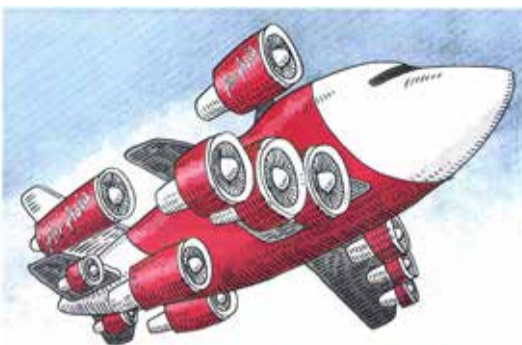
Separately, AirAsia launched the first baggage self-tagging service in Malaysia at the LCCT yesterday. Preminders said AirAsia would be rolling out similar facilities at all

AirAsia voted the best again

Best Asian Low-Cost Carrier award won for the seventh time

SEPANG: AirAsia has won the Best Asian Low-Cost Carrier award again for the seventh time, beating other airlines in the region. The award was given by the International Air Transport Association (IATA) for the seventh time.

NOVEMBER



Going full throttle

AirAsia has taken its competition for granted. New executive chairman wants Asia's largest low-cost carrier to buckle down. - BY STEVE MUIZ

Exec chairman: AirAsia still an 'aggressive animal'

By LINDA HOEY

KUALA LUMPUR Newly appointed executive chairman of AirAsia Bhd, Datuk Kamarudin Meranun, said his company is still an "aggressive animal" in the aviation industry.



Kamarudin Meranun, newly appointed executive chairman of AirAsia Bhd, says the airline is still an "aggressive animal".

Taking AirAsia to new heights

"AirAsia will not be where we are without the support of the government and the people, and by working together, I hope to take our aviation industry to a whole new level."

LEADING THE CHARGE: Plan to turn some secondary airports in the country into hubs

BIG BROTHER: AirAsia's new chairman, Datuk Kamarudin Meranun, says the airline is still an "aggressive animal".

Three months earlier, the carrier reported its first profit in 12 months, a milestone that was a result of its aggressive cost-cutting strategy.

AirAsia tawar tempat duduk percuma bagi rakyat Filipina

SYARIKAT penerbangan tambang rendah AirAsia Bhd menawarkan 250,000 tempat duduk percuma bagi rakyat Filipina di luar negara yang ingin pulang ke negara asal mereka.



AirAsia menawarkan tempat duduk percuma bagi rakyat Filipina yang ingin pulang ke negara asal mereka.

AirAsia appoints Kamarudin chairman

BUDGET airline AirAsia Bhd has appointed Datuk Kamarudin Meranun as its new executive chairman with immediate effect.

French award for AirAsia boss for contribution to aviation industry

PARIS AirAsia Group CEO Tan Sri Tony Fernandes has been conferred with an award by the French government for his contribution to the aviation industry.

Rebuilding homes

MASS BURIAL: Malaysia Putera Club team to help in the recovery of bodies



Tony terima anugerah tertinggi dari Perancis

KUALA LUMPUR 27 Nov. - Ketua Pegawai Eksekutif Kumpulan AirAsia Bhd, (AirAsia), Tan Sri Tony Fernandes menerima anugerah Commander of the Legion d'Honneur dari kerajaan Perancis.

AirAsia named world's leading low-cost airline for 5th time

PETALING JAYA Low-cost carrier AirAsia Bhd was named the World's Leading Low-Cost Airline at the prestigious World Travel Awards 2013 in Doha, Qatar.

AirAsia lancar laluan Johor Bahru-Bandung

AIRASIA Berhad (AirAsia) mengukuhkan kedudukannya sebagai peneraju syarikat penerbangan tambang murah di rantau ini menerusi pelancaran laluan baru Johor Bahru-Bandung.

'AirAsia leading low-cost airline'

FLYING HIGH: Bags top award in Qatar



AirAsia Group CEO Tan Sri Tony Fernandes (left) holding the award on behalf of AirAsia Group at the World Travel Awards 2013 held in Doha, Qatar, recently.

AirAsia, first M'sian operator to gain RNP-AR-APCH operations approval

KUALA LUMPUR AirAsia akan menjadi menterikan pertama kepada para penumpang untuk membolehkan USD1 bagi membantu mangsa mangsa Taufan Haiyan semasa menghadapi situasi darurat.

AirAsia lancar laluan Johor Bahru-Bandung

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AirAsia gets nod to use cost-cutting technology

KUALA LUMPUR AirAsia became the first airline in the country to be granted the RNP-AR APCH flight operations approval.

AirAsia kumpul RM1.5 juta bantu mangsa di Filipina

KUALA LUMPUR AirAsia akan mendera bantuan kepada para penumpang untuk membolehkan USD1 bagi membantu mangsa mangsa Taufan Haiyan semasa menghadapi situasi darurat.

AirAsia lancar laluan Johor Bahru-Bandung

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AirAsia Group CEO Fernandes on Business Strategy

AirAsia Group CEO Fernandes on Business Strategy

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AirAsia Group CEO Fernandes on Business Strategy

ASIAN INVESTMENT CONFERENCE

March 20 (Bloomberg) — Tony Fernandes, group chief executive officer of AirAsia Bhd., Asia's biggest discount carrier, talks about the company's business strategy and the outlook for the industry in the region. Fernandes, who is also chairman of the U.K.'s Queens Park Rangers soccer club, speaks from the Credit Suisse Asian Investment Conference in Hong Kong with Susan Li on Bloomberg Television's "On the Move." (Source: Bloomberg)

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18 JUNE 2013

The Unlimited Horizons of AirAsia's Tony Fernandes



26 AUG 2013

AirAsia Group CEO Fernandes on Strategy, Outlook



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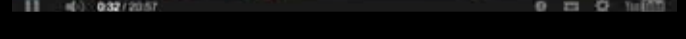
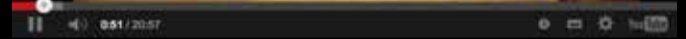
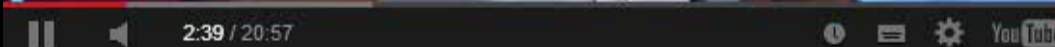
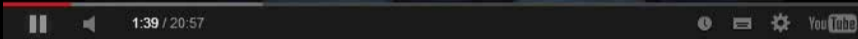
He paved the way for budget air travel in Asia, he manages an F1 team, he formed the ASEAN Basketball League and he owns an English football club. He is none other than Tan Sri Tony Fernandes, the Group CEO of AirAsia.

In this session of the Global Malaysia Series, brought to you by the Economic Transformation Programme (ETP), Umapagan Ampikaipakan of BFM's Evening Edition will speak to Tan Sri Tony about:

The lessons he learnt from both his success and his failures as he looks back at his journey of going global

What it takes to build successful partnerships and what are some of the sacrifices that he made to keep partnerships strong

Doing business in the different ASEAN countries and the potential impact that the 2015 ASEAN Economic Community will have on Malaysian businesses



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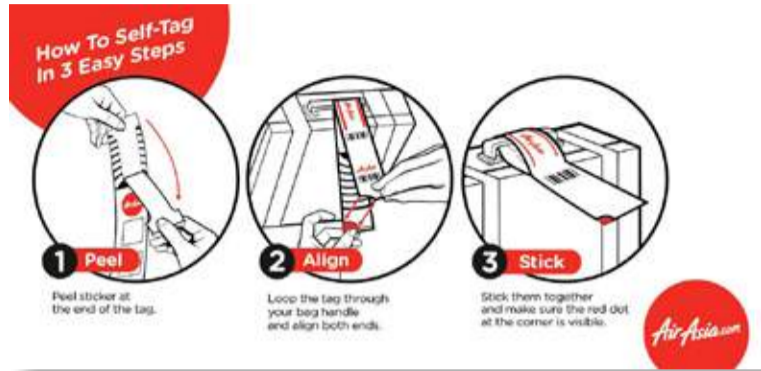
As part of PwC's 16th Annual Global CEO Survey. In this short video, Aireen shares her insights on key stakeholders, achieving competitive advantage through the structure of the group, and effective management techniques.

Aireen Omar
Chief Executive Officer
AirAsia Berhad



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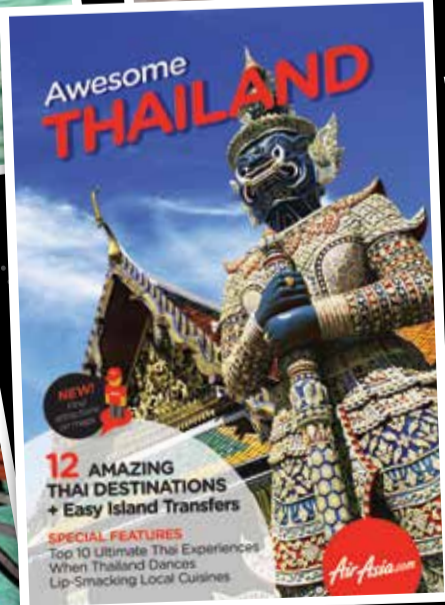
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- AIRASIA X
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KLCC © Jackson Pang Siaw Fong

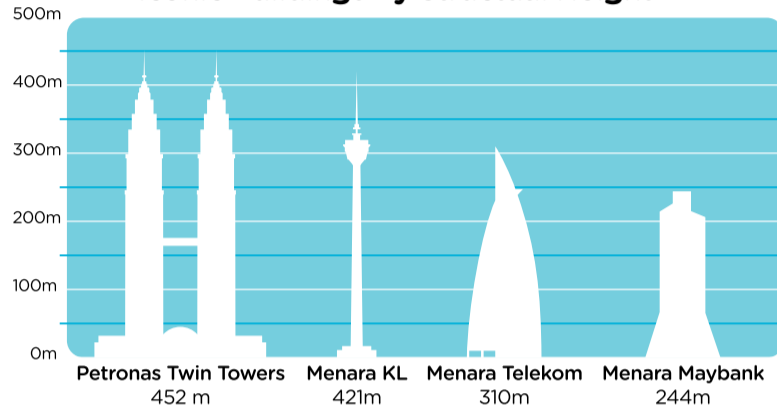
MALAYSIA

DELVE INTO ITS UNIQUENESS!

From food to fashion, architecture to natural beauty – everything in Malaysia screams amazing. Arrive in the rapidly developing Kuala Lumpur and you'll be surrounded by the towering skyline of the Petronas Twin Towers and its other modern counterparts, amidst streets bustling with the fashion forward folks and plethora of eating spots offering international cuisines.

Get out of the city centre and you'll find something for the first-timers as well as for the well-travelled as you scale the magnificent Mount Kinabalu, explore the mysterious Niah Caves or dive into the deep blue in islands Redang, Perhentian or Sipadan. Shoppers will love the array of shopping spots from famous brands in Malaysia's many malls to even duty-free goods in Langkawi. Those who have a penchant for culture and heritage will delight in the old buildings of Malacca and Penang. Find out where you can post mail from an underwater post office in Sabah and what the must-eats of Penang are!

Iconic Buildings By Structural Height



Tourist arrivals in 2012

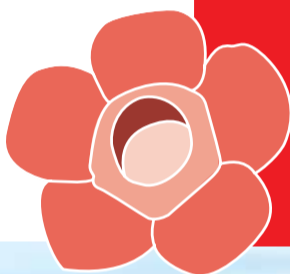
25.05
million



Population in 2012

29.30
million

MALAYSIA AT A GLANCE



Rafflesia
the largest flower in the world can be found in Sabah, East Malaysia

23

National & State Parks

136 Marine Protected Areas



UNESCO World Heritages Sites



Sarawak Chamber in Mulu National Park is large enough to fit

14 Airbus A320 aircraft end to end



TIME ZONE
UTC +8



TEMPERATURE AVERAGES
22°C - 35°C



LANGUAGE
Bahasa Malaysia, English, Mandarin, local dialects



TELEPHONE CODE
+60



CURRENCY
Ringgit Malaysia (RM or MYR)



ELECTRIC SOCKET
220-240 Volt



WEATHER
Tropical sunshine with occasional rain



RELIGION
Islam, Buddhism, Christianity, Hinduism



ETHNIC GROUPS
Malay, Chinese, Indian



KUALA LUMPUR

Itinerary 3 Days Of Fabulous KL

Day 1

Am: Independence Square

Turn back the clock as you roam the century-old sites around Merdeka Square.

- KL City Gallery
- KL City Library
- Victorian Fountain
- Restoran Warisan
- National Textile Museum
- Sultan Abdul Samad Building
- Former High Court Building
- Panggung Bandaraya
- Cathedral of St Mary
- Royal Selangor Club

A free 2.5-hour walking tour runs at 8:30am every Mon, Wed and Sat starting at KL City Gallery. To register, contact Visit KL www.visitkl.gov.my.

Pm: Family Fun & Natural Wonders

Experience history, art, science and tranquil nature in the heart of the city.

- KL Bird Park
- Butterfly Farm
- Deer Park
- National Mosque
- National Science Centre
- Islamic Arts Museum
- National Museum
- Royal Malaysian Police Museum
- National Planetarium
- National Monument

Day 2

Am: Great KL Shopping!

From designer fashion, retail brands, to bargain shopping, KL has it all!

- Suria KLCC
- Pavilion
- Starhill Gallery
- Fahrenheit 88
- Lot 10
- Sungei Wang Plaza
- BB Plaza
- Low Yat Plaza
- Berjaya Times Square

Pm: Malaysia - We Live To Eat

Malaysian-style seafood, chicken wings, plethora of noodles, rice and many others!

- Jalan Alor
- Changkat Bukit Bintang
- BB Walk

Day 3

Am: When Craft And Commerce Collide

Traditional and contemporary arts and culture in a historic city setting.

- Central Market
- Annexe Gallery
- Kasturi Walk
- Graffiti Wall
- Sri Maha Mariamman Temple
- Petaling Street (Chinatown)
- Masjid Jamek
- Jalan TAR & Jalan Masjid India
- Muzium Telekom

Pm: Food And Culture, The Perfect Match

Grab a quick bite before heading to the local arts and theatre scene.

- National Theatre (Istana Budaya)
- National Visual Art Gallery (Balai Seni Lukis Negara)
- Restaurant Nelayan
- KLPAC (Kuala Lumpur Performing Arts Centre)
- Samira By Asian Terrace
- MAP @Publika
- EAT Food Village



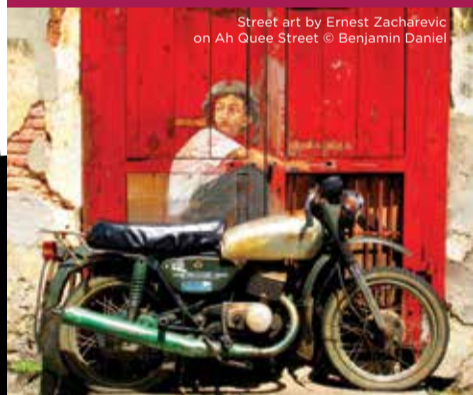
KLCC



Batu Caves © Tourism Malaysia



Pavilion © Adam Lee



Street art by Ernest Zacharevic on Ah Quee Street © Benjamin Daniel

PENANG

Itinerary 3 Days Of Wondrous Penang

Day 1

Am: Discover The Secrets Of Penang

Uncover the secrets of numerous heritage sites and discover cool street art along the way.

- City Hall
- Town Hall
- Cathedral of the Assumption
- St. George's Church
- Goddess of Mercy Temple
- Mahamariamman Temple
- Little India
- Teochew Temple
- Kapitan Keling Mosque
- Ben's Vintage Toy Museum
- Khoo Kongsi
- Masjid Aceh

- Pinang Peranakan Mansion
- Clan Jetties
- Cheong Fatt Tze Mansion

Pm: George Town Dining

Enjoy the sea breeze as you sample local delights from various stalls!

- Chowrasta Market
- Wat Chaiya Mangkalam and Dhammikarma Burmese Temple
- Gurney Drive
- Gurney Plaza
- Suffolk House
- P. Ramlee's House
- Kek Lok Si Temple
- Penang Hill
- Snake Temple
- Batu Maung Fishing Village
- War Museum
- Queensbay Mall
- Jerejak Island

Pm: Head To The Beach Side

Watch the sunset before a nightlong shopping experience.

- Tanjung Bungah
- Floating Mosque
- Batu Ferringhi Night Market
- Batu Ferringhi Food Court
- Penang Botanic Gardens
- Tropical Spice Garden
- Penang Butterfly Farm
- ESCAPE Park

Day 3

Am: Connect With Mother Nature

Take the road less travelled to discover the natural beauty of Penang.

Pm: The Other Side Of The Island

Take a peek at how life is on the quieter side of the island.

- Balik Pulau Food Court
- Pasar Seni Balik Pulau
- Pantai Pasir Panjang
- Tropical Fruit Farm
- Penang National Park



Eagle Square, Langkawi's most famous landmark



LANGKAWI

LANGKAWI

Itinerary 3 Days Of Awesome Langkawi

Day 1

Am: Nature And Family Time

Take your time exploring fun places in the western corner of the island.

- Laman Padi
- Underwater World
- Oriental Village and Panorama Langkawi
- Telaga Tujuh

- Pantai Kok
- Telaga Harbour
- Pantai Cenang
- The ZON Duty Free
- Cenang Mall
- Kilim Geoforest Park

Day 2

Am: The Geopark Realm

Explore Malaysia's Jurassic period limestone formations and mangroves, and witness the feeding of live eagles!

Pm: A Bit Of Everything

Legends, myths, relics and products are all found in Langkawi!

- Mahsuri Mausoleum
- Air Hangat Village
- Galeria Perdana
- Noor Craft Collection
- Craft Cultural Complex
- Ibrahim Hussein Museum

Day 3

Am: Island Hopping

Take your pick from snorkelling or exploring the outlying islands south of the main island in a short day trip.

- Pulau Payar Marine Park
- Dayang Bunting
- Pulau Beras Basah

Pm: Get Intimate With Kuah Town

An introduction to what the main port has to offer!

- Taman Legenda
- Al-Hana Mosque
- Eagle Square
- Langkawi Fair
- Langkawi Parade

2 • AirAsia's Hit List



KOTA KINABALU

Itinerary 3 Days Of Captivating Kota Kinabalu

Day 1

Am-Pm: One With Nature

Get acquainted with the lush natural wonders of Borneo before ending the day at Tanjung Aru for the spectacular sunset!

- Rumah Terbalik
- Pekan Nabalua Handicraft Market
- Kinabalu Park
- Kundasang War Memorial Park
- Poring Hot Springs
- Tanjung Aru
- Sabah Tourism Board (Tourism Information)
- The Jesselton Hotel
- Museum Kopitiam
- Australia Place
- Malaysia Monument
- Atkinson Clock Tower
- Padang Merdeka
- Kota Kinabalu City Mosque

Day 2

Am: Heritage Tour Of Kota Kinabalu

Before walking through downtown KK's heritage sites, head to Gaya Street for a choice of old school or established 'kopitiam' for a good cup of coffee to go with the signature Sabahan snack, Roti Kahwin.

Pm: Soak In The Local Culture

Give Mount Kinabalu a second look from another angle and experience the ways of the tribes.

- Signal Hill Observatory Platform
- Mari Mari Cultural Village

Day 3

Am: Fun In The Sun

Have breakfast at Jesselton Jetty before embarking on a fun island hopping tour of the islands of Tunku Abdul Rahman Marine Park. Chill out at Pulau Sulug, snorkel amongst colourful fishes at the coral gardens of Pulau Sapi and take a short trek at Pulau Manukan. Bring an underwater camera, if you can!

Pm: Dinner By The Sea

Cap off your day with some souvenir shopping at the Handicraft Market and enjoy sea view al-fresco dining at KK Waterfront.



Mountain Torq Via Ferrata © Tourism Malaysia



TAR Marine Park © Tourism Malaysia

TOP 10 TRAVEL TIPS TO MALAYSIA

- Since it's a tropical country, ensure that you bring light clothing, comfy shoes, insect repellent and plenty of sunscreen.
- Drug dealing and trafficking carry severe punishments. Read here on prohibited items.
- Gambling is only permitted at Genting Highlands Casino.
- To drive in Malaysia, you'll need an International Drivers Permit (IDP) but it is recommended that you take taxis to move about as it is easier.
- You must have a certificate of inoculation for yellow fever if you're coming from affected countries. Vaccinations for cholera and small pox are not necessary.
- Always keep your belongings safely with you while you're out and about. Important documents should be kept in your hotel safety deposit box.
- Be careful with the authenticity of branded items as bootleg products are widely available.
- Tipping is not practised or expected at eateries. It's your prerogative if you do want to tip.
- Have loose change handy with you at all times for taxis, buses and trains. Also, when taking a taxi, insist on using the meter.
- Most importantly, keep hydrating!

ETIQUETTE

The locals here are particular about etiquette simply because they are from different cultural backgrounds.

- When visiting any home and places of worship, it's good manners to remove your shoes before entering the premises.
- Certain places of worship have a dress code, so please follow instructions. Some might not allow photography. Just look out for signage.
- When passing items (such as money) or pointing directions, it is considered polite to use the right hand.
- When invited for a dinner, utensils are usually provided but it's customary for the Malays and Indians to eat using their right hand. The Chinese usually use chopsticks.
- Purchase and consumption of alcohol is limited to patrons over 21 at non-halal establishments.
- Cigarettes are sold to those aged 18 and above only. Please look out for NO SMOKING signage, as smoking is prohibited or limited to certain areas in most airports, shopping malls, banks, hospitals, cinema halls and eateries.
- It is courteous to say 'thank you' at the end of a conversation.
- Blatant public displays of affection (PDA) are frowned upon.

JOHOR BAHRU

Itinerary 3 Days Of Vibrant Johor

Day 1

Am: Jb Cityscape

Start your day with an early breakfast at **STORIA CAFÉ** on Jalan Tebrau and have a scenic city tour of unique heritage buildings around town.

- Johor Old Chinese Temple
- Jalan Dhoby & Jalan Tan Hiok Nee
- Sultan Ibrahim Building
- Sultan Abu Bakar Mosque
- Sultan Abu Bakar Royal Museum
- Johor Bahru Zoo
- Johor Art Gallery
- Arulmigu Sri Rajakaliamman Glass Temple

Pm: Danga Bay At Night

Have dinner at one of the alfresco cafés by the beach whilst being entertained by live music. Cap off your night with a stroll along the seaside.

- Rumah Limas
- Danga City Mall
- Danga Bay

Day 2

FAMILY DAY OUT

Meet new and familiar faces at these international theme parks, the south's hottest attractions.

- LEGOLAND Malaysia
- Puteri Harbour Family Theme Park

Day 3

Am: Country Living

Head for the countryside and wander into the embrace of lush greenery and natural beauty, away from your usual city sights.

- Kota Tinggi Museum
- Kota Tinggi Waterfall
- Kota Johor Lama Historical Complex
- Crocodile World
- Desaru Fruit Farm
- Ostrich Wonderland
- Firefly Cruise

Pm: Back To The Buzz

Street food and interesting knickknacks await as you return to the inner city streets in the evening.

- City Square
- JB Bazaar



LEGOLAND Malaysia © Jeffrey Bin Jismi



Download the full **Awesome Malaysia** travel guide for **FREE!**

With an extensive list of what to do, see, eat and buy in 15 Malaysian destinations, you're set to go for the vacation of your life here in Malaysia!

- Features 15 Malaysian destinations
- Nature & Adventure, Art & Culture, What to Eat and Where to Shop
- 3-Day and Multi-Destination Itineraries for East and West Malaysia
- Special Features – Articles on Family Fun, Tradition & Heritage and Adventure Holidays
- Beyond This Guide – Links to related travel stories



AirAsia's Hit List 3

THAILAND

SAWASDEE THAILAND!

Strategically nestled in central Southeast Asia, the Land of Smiles beckons to the quintessential traveller. The culturally rich nation offers a lifetime of ancient heritage and traditions, yet it welcomes the inevitable wave of modernisation with open arms.

A backpacker's paradise, Thailand's many attractions include breathtaking islands, exciting night markets, flourishing blooming gardens and futuristic architecture that still retains the omnipresent Thai influences. Find your retail escapade in Bangkok's many malls, outlets and night markets such as Platinum Mall, MBK, Asiatique, Silom Night Market and Chatuchak Weekend Market. Take a leisurely cruise up Mekong River and end up in the ancient kingdom of Ayutthaya to explore its olden stupas and temples. Head on over to Chiang Mai where you can ride on an elephant or say hello to the rare long neck tribe of Karen Village! Don't forget Hat Yai's KhlongHae Floating Market for a traditional shopping treat, or stretch those legs with some rock-climbing in Krabi. Take a bite of Trang's legendary breakfast delights, whilst sun-lovers dive into the deep blue at KohSamui, Koh Phi Phi, KohLanta and KohLipe. End your nights with an invigorating Thai massage in Phuket or party the night away at KohPhangan's famous Full Moon Party.



TOP 10 MUST-DO THAI EXPERIENCES!

You cannot boast that you've truly been to Thailand (any part) till you've done all ten! This is your bucket list to an authentic Thailand Experience. **By Ellyse Ng**



1 Sun-Lovin' On A Koh

They call their sun-kissed islands "Koh", and that word was like heaven to a beach lover like me. I've lain on the soft sandy beaches of **Koh Lanta**, bathed in the crystal waters of **Koh Samui**, and called **Koh Lipe** home for five glorious days. When you find yourself yearning for the best island experiences, Thailand's wondrous Kohs beckon.

When I had my first taste of tom yum, I was sitting on a dilapidated stool by the roadside, glamorously clad in singlet and shorts. It was like a fiery beast trying to claw its way out of my mouth. Five days in Thailand and twenty bowls later, the mighty inferno was tamed. It takes time to acclimatise your palates, but once you've gotten past the initial flames, you'll find yourself claiming it as part of your daily Thai diet.

2 Eat Tom Yum Like A Pro



3 Eat Bugs

You see the fried little critters in roadside stalls and you're curious what they taste like. Let me tell you upfront - they taste just like chicken! It's always a memorable experience to put them in your mouth, the crispy legs touching the top of your mouth whilst you chew on the crunchy exterior.



4 Go for a Traditional Thai massage

The ladies/men are brutal, but that's the reason why they are the best in the world! Massage parlours are aplenty, but once you've picked a great (and reliable) one, you'll always want to go back for more pain. Using force on the acupuncture points, a Thai massage will leave you in pain for a split second, followed by a refreshing feeling of rejuvenation all day long.



5 Haggle like there's no tomorrow

Till today, no country holds a candle against Thailand's shopping experience. The clothes go for cheap, and there is always room to haggle. From night markets to outdoor markets and to even roadside stalls, remember to ruthlessly ask for a discount.

4. AirAsia's Hit List





USEFUL TRAVEL TIPS

IN A NUTSHELL

CURRENCY

Thai Baht (THB)

ELECTRICITY/SOCKET ADAPTOR

220V 50Hz

LANGUAGE

Thai, English

TIME ZONE

UTC +7

TEL CODE

+66

RELIGION

Buddhism

WEATHER

Thailand is known for its tropical climate, with hot and humid weather in the range of 28-35°C.



NOV - FEB

Temperature is at its lowest during these months, especially in the north, where it can fall as low as 5°C!

MAR - JUN

Get ready as it gets really hot and humid, as high as 40°C. You're going to need more than a cold shower.

JUL - OCT

Rainy days are expected during these months, though with local deviations in several areas, such as the southeast coast where it rains more heavily from May to Oct.



DURIAN

- There are lots of homestays, inns and little-known motels in Thailand. It's best to print out the address in the local language.
- If you're not one for spicy stuff, avoid ordering 'extra spicy' as the Thais have a higher tolerance to spiciness than any other country in Asia.
- Drink bottled water. Hygiene is still an issue in several locations, so it's best to avoid tap water and ice if possible.
- Be careful with your drinks. It's common sense to not accept any drinks from a stranger, regardless whether they are good looking or not.
- Scams are aplenty, so don't fall for the many touts out and about. If a taxi driver tells you a tourist destination is closed and offers to bring you to a gem store, say NO.
- It's always good to learn some Thai words to communicate better with the locals, and speak slowly so you can be understood.
- Tipping isn't necessary or expected in Thailand, with the exception of loose change from large restaurant bills.



TOM YUM GOONG



SOM TAM



TOM KHA GAI



MANGO STICKY RICE

GREAT EATS OF THAILAND

The weather in Thailand may be scorching, yet the true 'heat' of the country comes from its spicy (and some not so spicy) local dishes. Eating in Thailand is an exhilarating experience - both for the palate and your appetite. For an unforgettable gastronomical adventure, here is a list of Top 10 dishes for when you're looking to eat your way through Thailand.

By Ellyse Ng

TOM YUM GOONG

If you're thinking of ever going to Thailand without even trying out a nice piping hot bowl of Tom Yum, you might as well not go at all. A memorable dish so synonymous with the Land of Smiles, the locals use generous portions of lemongrass, lime leaves, galangal and shallots along with chillis and fish sauce to make this marvelously fragrant (and spicy) bowl of sour soup. Usually paired with rice.

SOM TAM

Originating from northeast Thailand, the 'papaya salad' of Thailand has such a huge following that it's almost a cult. Tangy and sweet at the same time, you get shredded green papaya coupled with fish sauce, chilli, palm sugar, lime and tomatoes in an irresistible concoction - usually made fresh before your very eyes.

TOM KHA GAI

The milky goodness of this chicken galangal soup is undeniable. Coconut milk, galangal, kaffir lime leaves, lemongrass, cilantro and generous portions of chicken are further enhanced by adding mushrooms and chilli.

GANG KEOW WAN GAI (GREEN CURRY)

You can pick from red or green curry, but Thailand's green curry promises a sweeter taste that's out-of-this-world! It's a simple dish made from green curry paste, kefir lime leaves, aubergine and fish sauce, and the secret ingredient that makes it distinctly Thai is its coconut milk.

PHAD THAI

Even the expatriates would know how to order a good old plate of Phad Thai. Rice noodles are dressed up in tofu, onion, bean sprouts and of course, its marvellous finishing touch - peanuts. Fried in a wok with a fiery fire, you end up with a great staple dish that's easy to order and great to consume!

DURIAN

The durian is the king of fruits, but the Thai durian is the king of all durians. One of Thai's greatest pleasures would be downing the melt-in-your-mouth fruit that reigns with its subtle flavour and smooth texture - if you can stand the pervasive smell!

THAI SEAFOOD

No matter which part of Thailand you venture to, you will definitely have to try the unique and exotic flavours of Thailand's seafood. Fresh from the sea, simply affordable and with the locals' flair for spices, you can be sure that your seafood dish will be flavourful. Surat Thani's oysters are much sought after, known for their quality and cheap prices!

KHAO SOI

A popular dish especially in Chiang Mai, this favourite is a delicious serving of wheat noodles in sweet chicken curry soup. The egg noodles are either crispy, boiled or both, and the concoction has a thinner consistency than massaman curry - perfect with pickled cabbage, lime and chillies.

Now, what are you thinking there? There are a whole lot of forms of entertainment in Thailand, but more well-known productions such as Siam Niramit in Bangkok and Phuket's FantaSea will leave you breathless. Extravagant props, impressive stage sceneries and animals that act make these attractions world class.

6 Go for a 'show'



© Siam Niramit



7 Full Moon Party

Ah, the world famous Full Moon Parties - held in Koh Phangan every month. Who needs Ibiza when you could be here at the heart of the party at a fraction of the cost? Dance the night away on the festive beaches, where a melting pot of party-goers will join you in the colourful fiesta.

8 Say wat?

Wat - that's the name given to the many sacred and holy temples of Thailand. It's quite an enlightening experience to be surrounded by the rich history, heritage and resplendent stupas, as you watch the monks meditate in silence and go about their daily routines.



© Fattzai

Tuk tuk

You've not truly had a full Thai experience until you've sat on a hell-raising tuk tuk ride through the city streets. These death-defying drivers will find every nook and corner to steer into just to avoid the jam, and sometimes that would mean going against the traffic. Remember to hold on tight to your belongings.



10

9 Get Wet!

No...really. I kid you not. Head over to Thailand for Songkran, and you'll see what I mean. No street is safe from the splashes of water during the nation's hottest month. You'll spot many foreigners during the celebration - converging together just to be part of this fun festival! Tip - wear an old t-shirt that you won't mind ruining with water.



Download the **Awesome Thailand** travel guide for FREE!



Don't know where to go? This travel guide caters to everyone, everywhere! You'll definitely find an activity or a destination that'll spark your interest and awaken your inner wanderlust. The best part is, you can book your next Thailand getaway right with one easy click. Afraid of getting lost? You can now find the attractions by clicking on the names, and you'll find them on the map! Read and book away from your computer, tablet and mobile devices.

Say "Sa-wa-dee-ka" to Amazing Thailand today!

- 12 amazing Thailand destinations
- 7 beautiful islands + easy island transfers
- What to see, do, eat and buy at every stop!
- Quick Facts: Getting there, fans suggest, fun facts & local insights
- Search for the best flight deals
- NEW! Find your attractions on the maps!

INDONESIA

IMPOSSIBLE TO RESIST!

There are no limits and bounds to what Indonesia has to offer as the world's largest archipelago is a wonderland of attractions and undeniable natural beauty. Don't get lost and be in the know with the hottest spots within the 18,000 islands, and find out what to do, see, eat and buy in 15 wonderful destinations. Explore the hidden temple ruins of Yogyakarta and witness the ancient open burial practice in Bali, dive into the best diving spots in Raja Ampat and traverse the best uncharted paths in Mentawai.

Start your vacation in Bali with a surfing lesson at Kuta Beach then eat, pray and love your way to the rice terraces of Ubud. Hop to neighbouring Java to get 'temped out' by the Borobudur and Prambanan, or to sip a cuppa while watching the sunrise above Mount Bromo. Further to the west, you'll find amazing wildlife such as orangutans in Sumatra's Bukit Lawang and outstanding waves at Nias - well-known among surfers. Divers can go to Aceh's Pulau Weh or swim among the stingless jellyfish at Derawan Islands. So much to see, so little time!



3 DAYS OF FASCINATING BANDUNG!

Ancol Dreamland © Agosto Sunga



3 DAYS OF EXCITING JAKARTA!

DAY 1

Morning

Nature nurture

Appreciating the natural wonders surrounding the city.

- Kawah Putih
- Ciwalini - Cimanggu Hot Springs
- Rancabali Tea Plantation
- Situ Patengan
- Taman Hutan Raya Ir. H. Djuanda

Evening

Foodies goodies

Find out why Bandung is dubbed a paradise for foodies.

- Kupat Tahu - Jalan Cihapit
- Cakwe Mini - Jalan Jawa
- Es Goyobod - Jalan Kliningan
- Cuankie - Jalan Serayu
- Mie Kocok - Jalan Karapitan
- Es Cingcau - Jalan Macan
- Ronde Jahe - Jalan Alkateri
- Bubur Ayam - Jalan Aceh

DAY 2

Morning

Play 'n Learn

Fun and educational time for the entire family!

- Puspa Iptek Sundial
- Bandung Zoo
- De' Ranch
- Saung Angklung Udjo
- Bale Seni Barli
- Kampung Gajah
- Geology Museum
- Trans Studio Bandung
- Rumah Sosis
- Cihanjuang Butterfly Park

Evening

Mall Rat

You may avoid malls on a holiday, but the ones in Bandung are just too good to be missed.

- Paris Van Java
- Cihampelas Walk
- Bandung Supermall

DAY 3

Morning

Shop 'til you drop, and do it all over again!

Incredible deals on clothes, home appliances, decorations and so much more.

- Pasar Baru
- Distros - Jalan Trunojoyo
- King's Shopping Center
- Factory Outlets - Jalan Riau

Evening

Night and the city

Heaving clubs or simple cups of java - Bandung has something for everyone.

- Rumah Kopi
- Fame Station
- Amnesia

Day 1

Morning

Fill your belly with a spoonful of...

Start your Jakarta day with a heart warming local breakfast!

- Kerak Telor at warungs (stalls)

Once upon a time...

Explore the once-thriving Dutch town of Kota Tua for a dose of history and culture.

- Museum Fatahillah
- Maritime Museum
- Fine Arts Museum
- Kota Intan Drawbridge
- Jakarta History Museum
- Café Batavia
- Puppet Museum
- Bank Mandiri Museum
- Port Tower

Evening

Get acquainted with the best of Java!

Sample the best of Javanese cuisine!

- Rondo Klewung at Mbah Jingkrak

DAY 2

Morning

Shop till you drop!

From the internationally branded to the locally made, it's time for some retail therapy!

- Grand Indonesia
- Mal Kelapa Gading
- Mall of Indonesia
- Mangga Dua
- Blok M
- Pondok Indah Mall
- Tanah Abang Market
- Pasar Baru Market
- Glodok Plaza

Afternoon

Satisfy your sweet tooth

Recharge with a sugary delight and continue on your shopping adventures!

- Es Selendang Mayang at Mall Food Courts

Dinner and a play - a night of splendour!

Chow on delicious fare and catch a show at the theatre.

- Dapur Sunda
- Jakarta Arts Theatre

DAY 3

Morning

Time for some fun, fun, FUN!

Take your pick of one of these amusing places for some family frolicking for the day.

- Taman Mini Indonesia Indah
- Ancol Dreamland
- Kidzania

Evening

The taste of the city

Get little bites of every scrumptious local food without denting your wallet!

- Plaza Semanggi Food Court

DAY 1 Morning

Old town charm

Walk along the old part of the town where colonial buildings bravely stand the test of time!

- Kesawan Square
- Old Medan City Hall
- Bank Indonesia
- Medan Railway Station
- Oostkust Residential Mansion
- North Sumatra Governor Office
- Tirtanadi Water Tower
- London Sumatra Building
- Medan Main Post Office

Evening

Shopping Spree

Wonderful finds and reasonable prices await you!

- Pasar Petisah
- Pasar Ramai
- Cambridge City Square
- Mall Grand Palladium
- Sun Plaza
- Medan Fair Plaza
- Deli Plaza

DAY 2 Morning

Explore the great outdoors!

There's so much to choose from when it comes to nature and outdoor activities!

- Lake Toba
- Lake Lau Kawar
- Lake Sidihoni
- Sipiso-piso Waterfall
- Two Colours Waterfall
- Asahan River
- Lau Debuk-debuk Hotspring
- Siogung-ogung Hotspring
- Mount Sinabung
- Mount Sibayak
- Hanging Rock
- Cermin Beach
- Sialangbuah Beach

Evening

The simple life

An evening of fun for the entire family with a wide range of local, Indonesian and international cuisines to choose from to end the perfect day!

- Merdeka Walk

DAY 3 Morning

A visit to vibrant Batak

Take a step further to get acquainted with the rich heritage of Batak people.

- King Sidabutar Site
- King Siallagan Site
- Tomb of King Sisingamangaraja XII
- Palace of King Sisingamangaraja XII

Evening

The melting pot of Medan

Celebrate the colourful communities and historical places of worship of the lively city.

- Maimun Palace
- Tjong A Fie Mansion
- Al Mashun Grand Mosque
- Gunung Timur Temple
- Shri Mariamman Temple
- Maha Vihara Maitreya
- Graha Maria Annai Velangkanni
- Dairi Garden Tour of Faith
- Avalokitesvara Temple



3 DAYS OF MARVELLOUS MEDAN!

DAY 1 Morning

A morning adventure!

Stuff yourself with a delicious local breakfast and head for an outdoor-sy day out!

- Kintamani
- Bali Aga Village

Afternoon

Artistic moments, food and... shopping!

Swing by the artsy town of Ubud where souvenir shopping, suckling pig and local crafts go hand in hand.

- Sukawati Art Market
- Ibu Oka Babi Guling
- Bali Bird Park
- Goa Gajah
- Ubud Town

Evening

The temple in the sea

Enjoy snapping away your newly bought DSLR while watching a breathtaking sunset!

- Tanah Lot Temple

DAY 3 Morning

Jumping Dolphins!

The friendly mammals of the sea greeting you in the morning is a memory to be cherished.

- Dolphin watching at Lovina

Afternoon

Last-minute shopping

Get local crafts, traditional outfits or weave in and out of branded surf shops!

- Jalan Legian
- Seminyak
- Kuta

Evening

Pure indulgence

Unwind those tired muscles with a sinfully decadent massage.

- Spa and massage parlours scattered everywhere in Bali



DAY 2 Morning

Breakfast of champions!

Creamy coconut rice with a gamut of condiments is a must-try!

- Nasi Uduk at Kuta Galleria

Floating ruins and fun at the lake

Have fun exploring the floating temple on the lake while joyriding on a boat.

- Ulun Danu Temple at Lake Bratan

Afternoon

Berry good time

Strawberry picking - why not? Sample some yummy strawberry-infused food too!

- Bali Strawberry Farm and Rest Area

Evening

Neptune's gifts

Romantic dinner by the beach!

- Grilled seafood at Jimbaran

3 DAYS OF MYSTICAL BALI!



USEFUL TRAVEL TIPS

- Expect massive rush hour traffic jams during Ramadhan when Muslims rush home to break their fast.
- As Islam is the dominant religion, try to dress modestly. Women should cover their head and arms while men are to cover their legs when visiting mosques.
- For a day every March, all of Bali goes silent for Nyepi, the Hindu New Year. There is very little activity, even for tourists.
- Make sure to have the address of the place you are going to written down, in case the taxi driver does not speak English. Carry small change with you, take cabs from reputable companies, and always insist on using the metre.
- Ask how hot dishes are as they can be very spicy.
- Hydrate often to replace fluids lost in the hot, humid weather. Consider drinking bottled water.
- The use and distribution of drugs is taken seriously and carries a heavy sentence.
- In tourist areas, be careful with your valuables and be aware of your surroundings.
- As Indonesia is a tropical country, take adequate precautions against mosquito bites and wear sunscreen.

ETIQUETTE

Although most Indonesians are easy-going and lenient towards foreigners, it's still good to know the local etiquette. You will have the respect of the locals and gain new friends in the process!

- It is courteous to greet and say thank you at the end of a conversation.
- When visiting any home and places of worship, it's good to remove your shoes before entering the premises.
- Certain places of worship have a dress code, so please follow the instruction of the caretaker. Some will also not allow photography, so please look out for the signage.
- It is also courteous to dress appropriately when invited to visit a home/family.
- Pointing at someone with your index finger is considered impolite. Use your thumb or upside-facing palm instead.
- The head is the "temple" of the body and should not be touched. If you touched someone's head accidentally, it is proper to apologise. Avoid patting heads of little children as well.
- There are certain foods to eat with your hands, others with a spoon in your right hand and fork in your left one, and there are also the ones to be eaten with chopsticks. You can also ask for utensils that you are most comfortable with.
- Consumption of alcohol is to be avoided if possible at public places. Alcohol beverages are sold to persons aged 21 and above only.
- Smoking is prohibited in airports, shopping malls, banks, hospitals, cinema halls and certain eateries. Please look out for the NO SMOKING sign. Cigarettes are sold to those aged 18 and above only.



Download the **Awesome Indonesia** travel guide for FREE!



It's time to uncover Indonesia's best-kept secrets!

- DO, SEE, EAT, BUY in 15 Indonesian destinations
- Fun Facts, Smart Tips and Fan Suggestions
- Special Features - Myths and Legends, Evolution of Art in Indonesia
- Great Green Getaways
- Maps of KLIA LCCT and Terminal 3 Soekarno-Hatta

Philippines

FOR FUN!

Are you ready for 7,107 islands of fiestas and adventure? Say mabuhay to Awesome Philippines, your guide to the archipelago where everything is more fun! A paradise for beach bums, divers and surfers, the country is fast becoming a top pick for travellers craving for more off-the-beaten track exploration and colourful, spirited festivals such as Ati-Atihan and Sinulog.

From mountainous regions to the endless sea, the country offers an abundance of possibilities, with hotspots such as Boracay, Palawan and Cebu earning worldwide renown. Day trips balance out the heady urban sprawl of the mall-crazy capital region, Metro Manila, as friendly locals fill your days with laughter and smiles wherever you turn.



METRO MANILA

Hop on a calesa (horse-drawn carriage) and take a trip down Old Manila's cobblestone streets to explore the Walled City of Intramuros. Don't miss the "earthquake baroque" UNESCO World Heritage Site of San Agustin Church and its museum, as well as the historic Fort Santiago where national hero Jose Rizal spent his final days.



KALIBO

Best known as the gateway to world famous beaches of Boracay and site of the Ati-Atihan Festival every January, Kalibo is more than just a jump-off point for beachcombers. When the loud drumming and spirited dancing is over, the laidback town's religious traditions remain strong, as Kalibo takes pride in its history and natural wonders. Established in the 13th century by settlers from Borneo, this heart of Aklan province reveals hidden treasures to those with the will to take the ubiquitous tricycle around town and beyond.

CEBU

Since explorer Ferdinand Magellan and the native chieftain Lapu-Lapu's deadly encounter in 1521, sunny Cebu has blossomed as Central Philippines' hub for business and culture, a city where East meets West, but no longer with fatal outcomes. Today, buildings stand side by side in the urban centre, while jaw-dropping beaches lie off the coast. Take your time in Cebu, a city of contrasts and fascinating history.



TAGBILARAN

The island province of Bohol has it all, and Tagbilaran is where your journey begins. A tropical paradise with lovely white sand beaches, delightful marine life, centuries-old churches, unusual geographical formations, and even stranger fauna, Bohol offers a simple but comfortable lifestyle to travellers who want to get away from the big city.



PUERTO PRINCESA

Western Palawan's most important city is like a beautiful princess who is both neat and pleasant, yet with a striking penchant for adventure. "The City in the Forest" is hailed as the cleanest city in the country and it is also a jump-off point to Philippine's most pristine beaches and glorious natural wonders.



ISLANDS OF ADVENTURE

The Philippine archipelago is a thrill-seeker's dream, with mountains, rivers, caves, waterfalls, volcanoes, and some of the richest reefs in the Coral Triangle making up its colourful mosaic. Here's a rundown of pulse-racing suggestions for your island holiday.

8 • AirAsia's Hit List



Design Your Philippines Itinerary

Create your own itinerary based on your travel style and interests! Fly into **Manila** or **Kalibo**, then fly to another island to experience the diversity of the archipelago.

MANILA The Sprawling Capital



DAY 1
Tour of Intramuros
Old Manila's warm, earthy welcome will surprise you in its colonial buildings and churches.



DAY 2
Excursion to Tagaytay, Corregidor or Villa Escudero
Get out of the metropolis for an encounter with nature and history.



DAY 3
Shopping
Grab bargains and unique souvenirs whilst exploring some of the world's largest malls.

Start

KALIBO Party Central



DAYS 1&2
Boracay Island
Party the night away and laze on the fine white sands of one of the world's top beaches.



DAY 3
Island hopping
Cliff diving, snorkelling and sailing into the sunset.

CEBU A Historical Treasure



DAY 1
City tour
Discover the colonial heritage and religious fervor of the Queen City of the South.



DAY 2
Excursion to Oslob
Your chance to swim with whale sharks in cerulean waters.



or DAYS 2&3
Bantayan & Malapascua
A simple life on a pristine white beach and the rare sighting of thresher sharks await you.

TAGBILARAN Unique Landscapes & Animals



DAY 1
Island tour
Bohol's unusual Chocolate Hills and tarsiers will leap before your eyes!



DAYS 2&3
Panglao Island, Balicasag Island and Dolphin Watching
Bohol's islands and beaches call out to you.

PUERTO PRINCESA Islands, Islands, Islands



DAY 1
Sabang & Underground River
Head out on a boat through dark caves or zoom up in the air on a zip line.



DAYS 2&3
El Nido
Go before the rest of the world discovers these unspoilt islands.

buy & eat

PINOY BEHAVIOUR 101



• PINOYS POINT

Whether it's with the forefinger, the lips, the direction of the head or the eyes, or even the feet, Pinoys will point using any body part that is comfortable for them to use.

• LEFT HAND OR RIGHT HAND?

Whether you are handing over items or eating, it doesn't matter which hand you use. Unlike other Asians who consider the left hand dirty and the right hand clean, Pinoys consider either hand just the same as the other.

• PINOYS GET LOUD

Whether it's at home or in public spaces, Filipinos turn up their speaking and singing voices, especially when they're in a group. This boisterous behavior is considered expressive, but not rude.

• PINOYS PRY, WITH GOOD INTENTIONS

If people you just met start asking very personal questions, like your age and civil status, don't get bothered. They're just trying to be friendly.

• PINOYS LOVE GUESTS

It's not unusual to have a new acquaintance invite you to his house and serve inordinate amounts of food and carbonated beverages.

• PINOYS ARE NOT VERY PARTICULAR ABOUT PERSONAL SPACE

If you're in a queue or in public transport, don't be surprised if the person next to you is uncomfortably close. It's considered normal in certain situations. Expect Filipinos to be more touchy than other Asian cultures.

• MOST PINOYS LOVE THE CAMERA

Although some people are camera-shy, most Pinoys will get excited at the sight of a lens and happily smile for you.



RAGS2RICHES

Chic but not shabby, Rags2Riches weaves timeless bags and clutches into stylish choices for the socially aware.



ADOBO

Cooked in soy sauce and vinegar, chicken or pork (or both) transforms into a Filipino favourite.



Download the **Awesome Philippines** travel guide for FREE!



This travel guide has five featured destinations, plus suggested itineraries and special features, making it a must-have for your travel collection and a valuable reference for trip planning.

- Attractions, Excursions, Eats and Buys
- Special Features on Food, Adventure and Shopping
- Infographic, Packing List, Travel Tips and Events Calendar

Borneo

ADVENTURE IN

Paradise!

From folklore of the tribal Dayaks to the oldest rainforests in the world rich with wildlife and greenery, Borneo is truly a land of mysterious allure. Unleash your imagination as the island welcomes you to explore its natural charm and unique culture. Discover Borneo will let you have a quick look at some of the best attractions you can find in the Malaysian states of Sabah and Sarawak as well as Brunei and Balikpapan.

LAND SIZE	743,300 km ²
POPULATION	19,800,000
TIME ZONE	UTC+8 (Brunei, Sarawak, Sabah, East & South Kalimantan) UTC+7 (West & Central Kalimantan)
LANGUAGE	Malay, Chinese, English, Indonesian, Iban, Bidayuh and other ethnic languages
TELEPHONE CODE	+60 (Malaysia) +673 (Brunei) +62 (Indonesia)
RELIGION	Islam, Christianity, Buddhism, Confucianism, Taoism

SABAH

The Land Below the Wind

Home to the mighty Mount Kinabalu, Sabah is a beautiful eco-tourism destination for many who seek thrills beyond the magnificent mountain. There is so much to do in this wonderful state, from diving and trekking to island exploration and bargain-shopping. The northern-most state of Borneo truly thrives with an abundance of treasures, exciting places and a unique concoction of indigenous tribes.

10 • AirAsia's Hit List

• Kota Kinabalu
• Sandakan
• Tawau
• Brunei
• Balikpapan

AirAsia

DIVING IN BORNEO

Sipadan (Tawau)

Do you fancy swimming with barracudas, Silver Jack Fish and even Scalloped Hammerhead Sharks? Then, it's time you visit Sipadan - one of the world's top 10 dive spots! A spectacular experience to cherish!

Mabul (Tawau)

Mabul is simply bursting with marine life such as the hawksbill and Greenback Turtles as well as Blue-Ringed Octopus. Take a break at the alabaster beach once you've had enough diving.

Tunku Abdul Rahman Marine Park (Kota Kinabalu)

This bio-diverse cluster of five islands namely Gaya, Manukan, Sapi, Mamutik and Sulug is just a short 20-minute boat ride from the Kota Kinabalu city centre. Catch whale sharks in action if you're lucky. It is a popular snorkelling tour amongst tourists!

Brunei

Dive under oil platforms or hop on a liveaboard vessel to Louisa Reef to check out the white tip and leopard sharks.



KOTA KINABALU

Kota Kinabalu, affectionately known as KK, is Sabah's capital and the main city in the state. The vibrant city is the pulse of Sabah, with wonderful sights and sounds coupled with scrumptious cuisines and natural wonders for all to enjoy.

KOTA KINABALU'S BEST

- Tunku Abdul Rahman National Park
- Kinabalu National Park (World Heritage Site)
- Padas River Rafting
- Rumah Terbalik (Upside Down House)
- Kundasang
- Kudat (Tip of Borneo)

MUST-EAT

The city is a melting pot of cultures, hence the vast selection of delectable cuisines from the diverse ethnic groups.

SEAFOOD - It is a sin to be in Sabah and yet not taste the bounty of its sea. Pick from the many mouth-watering fares of the ocean such as succulent prawns, delectable crabs and the freshest of clams!

LABUAN

The unassuming federal territory of Labuan that faces the South China Sea is a unique destination comprising the main Labuan Island and six smaller islands, namely Pulau Kuraman, Daat, Rusukan Besar, Rusukan Kecil, Papan and Pulau Burung. The jewel of East Malaysia is located off the northwest coast of Borneo, and is an ideal destination for wreck diving.

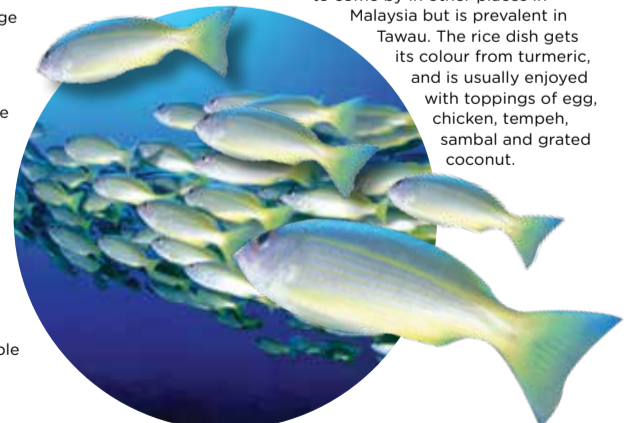
LABUAN'S BEST

- Wreck Diving
- Kampung Air / Water Village
- The War Memorial

MUST-EAT

There are crabs and there are crabs, but there are no crab dishes like the dedicated **ANJUNG KETAM** in Tanjung Aru. Famous for its crab dishes, the four stalls at this food court serve the freshest seafood in the land!

Try the much sought-after **COCONUT PUDDING**, available only in Labuan.



SANDAKAN

A hive of activity is always expected at Sandakan, especially at its waterfront where the city centre is. Great seafood, magnificent views and unspoilt nature make for an interesting destination to visit.

SANDAKAN'S BEST

- Sepilok Orangutan Rehabilitation Centre
- Sungai Kinabatangan
- Turtle Island Park
- Sandakan Memorial Park
- Danum Valley in Lahad Datu

MUST-EAT

Fancy **SALTED FISH**? It is available at the local market, along with tasty prawn crackers and dried shrimps.

Dried **IKAN BILIS** (anchovy) is also a local favourite available at most shops. You could bring this back as a gift.

TAWAU

Once a sleepy town, Tawau is now Sabah's third largest city, acting as a developing commercial hub and a formidable cocoa exporter. The booming city is also the gateway to lush greenery, amazing natural habitats and, of course, the world's most divine islands.

TAWAU'S BEST

- Tun Sakaran Marine Park - Semporna
- Mabul Islands (Seaventures Dive)
- Matakang Island (The Reefs Dive)
- Kapalai
- Maliau Basin

MUST-EAT

NASI KUNING - This Indonesian dish is hard to come by in other places in Malaysia but is prevalent in Tawau. The rice dish gets its colour from turmeric, and is usually enjoyed with toppings of egg, chicken, tempeh, sambal and grated coconut.

Luconia Shoals (Sarawak)

A hidden gem just off the north-western coast of Sarawak, explore either the North Luconia Shoals— great for wall diving, or the South Luconia Shoals— teeming with Dogtooth Tuna and snappers.

Wreck Diving (Labuan)

For those looking for a higher thrill than just diving, try wreck diving and weave in and out amongst the SS De Klerk (Australian wreck), USS Salute (American wreck), MV Tung Hwuang (cement wreck) and Mabini Padre (blue water wreck), just like one of Poseidon's creatures.

Miri (Sarawak)

Take your pick of either exploring shallow anemone reefs or the nearby Atago Maru and Sri Gadong wrecks. Be fascinated with giant groupers and reef sharks, or just have fun diving in the marine kingdom!

Pulau Talang-Talang (Sarawak)

Another unknown wonder, this island is a protected turtle sanctuary for Green, Hawksbill and Olive Ridley turtles. There is also the Katori Maru Wreck if you want to explore more dive sites around the island.

PAMPERING IN BORNEO

Thann Sanctuary (Brunei)

Voted one of the Top Best Spas in the world, you definitely can't go wrong here. Its concept promotes holistic wellness, and you would want to try everything on its spa menu!

Jari Jari Spa (Kota Kinabalu)

You'll feel completely relaxed amidst the spa's soothing décor and traditional Dusun massage techniques, focussing on realigning deep layers of muscles and connective tissues. All personally designed to make you feel truly pampered!

Puri Ayu Spa (Sandakan)

Step into a spa where ancient wisdom and timeless beauty meet! Indulge in a variety of Javanese (deep tissue), Balinese (a mix of acupressure, reflexology, stretching and aromatherapy) and Swedish (flowing strokes) massages.

D'Puri Spa Village (Kuching)

Pamper your mind, body and soul with massages as well as body treatments using unique blends of essential oils at the quaint Balinese-type villas overlooking the South China Sea at Damai Beach. It's the ultimate retreat of having a blissful time relaxing while listening to the gentle sounds of the sea.

Nature Splendour Spa & Reflexology (Miri)

This spa offers tension-releasing massages and foot reflexology. You'll love the place's ethnic aesthetics-stylish pebbled paths which lead you to your wonderfully private rooms.

Tjantek Spa (Bintulu)

Treat yourself to a pampering session of facial treatments and Javanese massages. You'll be back on your shopping feet in no time!

Aspen Spa (Sibu)

Specialising in Phytobioderme treatment for your face and body, it basically energises and rejuvenates your skin. You'll leave feeling totally refreshed and aglow!

GOLFING IN BORNEO

- Borneo Golf and Country Club (Sabah)
- Dalit Bay Golf and Country Club (Sabah)
- Karambunai Resorts Club (Sabah)
- Sarawak Golf Club
- Damai Golf and Country Club (Sarawak)
- The Empire Country Club (Brunei)
- Royal Brunei Golf and Country Club



SARAWAK

Land of the Hornbills

Being in Sarawak is all about immersing yourself in the tranquillity of nature, experiencing its fascinating cultures or treating your appetite to exotic local delicacies. A myriad of excitement, fun and thrills await you in the Land of the Hornbills!

KUCHING

Kuching ('cat' in Malay) exudes a unique charm as it blends the old and new perfectly, as evidenced by its cultural markets, modern shopping malls and diverse cultural centres. Don't forget to check out the traditional bird's nest traders, too!

KUCHING'S BEST

- Sarawak Cultural Village
- Sarawak Museum
- Bako National Park
- Sarawak River Cruise
- Damai Beach
- Santubong Wildlife Cruise
- Serikin Market
- Fairy Cave and Wind Cave
- Pottery and Bird's Nest Factory

MUST-EAT

Kek Lapis Sarawak (Sarawak Layer Cake) -

Layer upon layer of mouth-watering goodness is compressed into one cake. A favourite not only amongst Sarawakians but the entire Malaysian population as well!

Ikan Terubuk Masin - Salted "Terubuk" fish is a delicacy which plenty of locals have as their daily staple—eaten fried, grilled or added to spicy gravy.

Sarawak Laksa - This is the most popular dish in the city which fuses Chinese and Malay flavours. Its simplicity of rice noodles topped with sweet, sour and tangy gravy makes it an ideal meal anytime of the day.

Manok Pansoh - An Iban tribe specialty, all it takes is a bamboo stuffed with chicken pieces, vegetables and aromatic herbs cooked over an open fire to make this delicious dish!

Umai - Your taste buds have never tasted anything like this famous raw fish salad introduced by the ethnic Melanau tribe. The fish is marinated, sliced and then eaten like a sashimi dish.

Midin - Local greens such as Midin is widely consumed because of its crispy texture and amazing taste. Try it stir-fried with garlic or "belacan" (fermented shrimp paste) just like the locals do.

Nasi Aruk - Dried anchovies are the key ingredient in this traditional Sarawakian Malay Fried Rice, available at most restaurants and street stalls. Simply yummy!

BINTULU

As many prominent cities and towns in Sarawak, Bintulu is located by a river. This "gateway" opens up a world filled with cultural experiences, thrilling nature adventure, amazing beaches and fun-filled activities!

BINTULU'S BEST

- Kampung Jepak
- Pasar Utama and Tamu Bintulu
- Similajau National Park

MUST-EAT

Belacan - The aroma of this shrimp paste is pungent, its flavour addictive. Widely used as a base for most local dishes.

Sago Products - Local delicacies made from sago are really scrumptious such as tebaloi (sago and coconut cookies), linut (glue-like sago paste) and sago biscuits.

Cencaluk - Another local favourite is this dipping sauce made of fermented shrimp in vinegar and salt.

SIBU

Sibu is a charming riverside town quickly developing into another commercial hub. While progress is embraced, it still retains its rich cultural heritage, lush green forests as well as parks and its large array of recreational activities.

SIBU'S BEST

- Tua Pek Kong Temple
- Sibu Town Square
- Sibu Central Market

MUST-EAT

Diang Biang Hu - Sibu is the only place in Sarawak that offers this traditional Foochow dish --tasty beyond words!

Kong Piang - Deliciously rich and a favourite amongst locals for tea time, this biscuit can be eaten on its own as it has a variety of fillings. It's baked in a traditional charcoal oven to maintain its unique flavour.

Red Wine Chicken - The homemade red wine is the highlight of this Foochow specialty as its combination with the sweetness of the chicken makes it a really hearty meal.

MIRI

Although petroleum has been the driving force of the city's thriving economy since 1910, Miri's eco-tourism is robust and growing. Boasting sprawling greens, challenging mountain trails and markers of ancient civilisations, Miri surprises all visitors from near and far.

MIRI'S BEST

- Niah Caves
- Gunung Mulu National Park
- Grand Old Lady
- Tamu Muhibbah
- San Ching Tian Temple
- Scuba Diving

MUST-EAT

Tuak - Try local rice wine for an authentic Sarawakian experience. Bottoms up!

Buah Tarap - A cross between jackfruit and breadfruit, tarap or marang has some of durian's 'fragrance' but with a creamy texture.

BRUNEI

Though small in size, Brunei is definitely a force to be reckoned with! Boasting one of the wealthiest oil-based economies in the world with an impressive Sultanate rule, Brunei is a gem for its amazing Islamic heritage, beautiful beaches and gorgeous natural sights. Popular with nature lovers and history buffs!

BRUNEI'S BEST

- Ulu Temburong National Park
- Kampong Ayer
- Omar Ali Saifuddin Mosque and Masjid Jame' Asr
- Hassaniil Bolkihah
- Shopping

MUST-EAT

Nasi Katok - This simple combination of rice and curry chicken is a scrumptious yet inexpensive Bruneian favourite.

Ambuyat - A starchy dish made from sago, normally eaten with an array of savoury sauces.

BALIKPAPAN

The Indonesian part of Borneo, Balikpapan is a resource-rich seaport city on the fast track towards an economic boom. Whilst the city holds precious resources such as timber and oil, there is also a plethora of national parks and diving sites rich with biodiversity.

BALIKPAPAN'S BEST

Derawan Islands

Beyond beautiful, this chain of islands is rich with rare marine life. Kakaban Island in particular is unique because you can swim with the stingless jellyfish!

Kayan Mentarang National Park

With a total area of 1,360,500 hectares, Kayan Mentarang National Park is the largest single area of primary and secondary forest in Southeast Asia. Adventurers will have the chance to encounter the orangutans, gibbons and leaf monkeys among others.

Erau Festival

In this important event, the royal family of Kutai Kartanegara invites different ethnic groups of East Kalimantan to participate in colourful cultural performances and traditional sports. The festivities end with the people splashing each other with water

MUST-EAT

Gence Ruan - Grilled snakehead fish topped with coarse chilli sauce. Moderately hot and spicy with a hint of sweet and sour, best eaten with a plate of hot steaming rice.

Amplang - Fish (usually mackerel) mixed with tapioca flour and other ingredients are deep-fried to produce this absolutely addictive crispy snack!

Nasi Bekepor - Said to be the favourite dish of Kutai kings in the olden times, Nasi Bekepor is a rich rice dish cooked with vegetable oil, spices and pieces of dried fish.



Download the **Discover Borneo** travel guide for FREE!



It's time for you to unveil the secrets of Borneo!

- Must-Visit Places and Must-Eats
- Spotlight on world-class diving spots, resplendent golf courses and luxurious spas in Borneo
- Get the buzz on Local Events and Festivals!

CHINA

EXPLORE NOW!

Let's go to China, where beautiful cultural heritage, stunning natural sceneries and exciting cityscape make for the ultimate oriental holiday.

As the fourth largest country in the world with an old civilisation that dates back to the colourful dynasties like Qin, Han, Ming, Qing and more, China is indeed one of the most interesting countries in the world to visit.

From the avant-garde attractions like The Bund or Moganshan Road Art Centre in metropolis Shanghai to the ancient city of Xi'an where the terracotta army still stands, and from the playful pandas of Chengdu to fabulous shopping in Hong Kong, plus loads more on Beijing, Macau, Hangzhou, Shenzhen, Kunming, Nanning, Chongqing, Guangzhou, Wuhan and Guilin.

Get a glimpse of all the must-eat dishes in China such as Peking Duck, Steamed Wuchang fish, Xiaolong Bao (soup dumpling), Hot Pot, plus Sichuan and Cantonese cuisines and more.

CAPITAL	Beijing
CURRENCY	Chinese Renminbi (RMB)
TELEPHONE CODE	+86
TIME ZONE	UTC +8
LANGUAGES	Mandarin, English and other regional languages
POPULATION	1.4 billion
RELIGION	Buddhism, Taoism, Islam, Christianity
LAND SIZE	9.6 million square km
BORDER COUNTRIES	Afghanistan, India, Nepal, Bhutan, Burma, Kazakhstan, North Korea, Kyrgyzstan, Laos, Mongolia, Pakistan, Russia, Tajikistan and Vietnam

MUST-VISIT PLACES

GREAT WALL OF CHINA

One of the truly great wonders of the world, this marvellous construction stretches an amazing 8,850 kilometres. The huge serrated walls zigzag along undulating mountains and resplendent landscapes, putting the iconic monument on every traveller's bucket list.



TIANANMEN SQUARE

This 'heart of Beijing' is the largest public square in the world, fiercely protecting the entrance of the Forbidden City. Nearby attractions include Tiananmen Tower, Monument to the People's Heroes, Great Hall of the People, and Mao Zedong Memorial Hall.

BEIJING 798 ART ZONE

Beijing's equivalent of New York's Greenwich Village or Soho, where China's thriving contemporary art scene pulses with life and colours. From the many galleries and studios to the art cafes and the regularly held shows and exhibitions, art lovers will love this space.

FORBIDDEN CITY

Built in 900 AD, it is one of China's most important and cherished structures. The former Chinese Imperial Palace now serves as the Palace Museum, displaying priceless artefacts and artworks from the Ming and Qing dynasties.

BEIJING NATIONAL STADIUM

More popularly known as the Bird's Nest due to its unique bird's nest-inspired architecture, this iconic structure is a major tourist attraction with a ski park and upcoming entertainment complex, as well as playing host to several major sporting events.

HUTONGS

Travel on a journey of discovery through China's humble yesteryears and check out the many hutongs (ancient narrow lanes or alleys) that may be of interest, where you will get a fresh insight into Beijing's local life.

YA XIU MARKET AND XIU SHUI MARKET

Get ready to bargain your best on silk and clothing, Chinese crafts and souvenirs like tea sets, calligraphy materials, paintings, as well as the infamous branded imitation goods such as handbags or shoes at two of the best markets in Beijing. Ya Xiu Market is located at Sanlitun Road, while Xiu Shui Market is located at Chang'an Street.

BEIJING OPERA

The quintessence of China, Beijing Opera is a treasured theatre art form which combines stylised action, music, singing, dialogue, mime, acrobatics and dance. The plays represent stories of preceding dynasties, important historical events and even adaptations of classic Chinese literature.

BEIJING

The cultural, political, and educational centre of China, this home of the 2008 Olympics is filled with impressive architecture and people, amidst scents of fragrant tea fused with its rich art and heritage.



SHANGHAI

The most influential city in China, Shanghai pulsates with life amongst the bright lights from towering skyscrapers, fashionable folks strolling along the scenic banks of The Bund, and old temples with rich culture and history. Here at the heart of the huge metropolis, you can find the perfect blend of cultures - old and new, western and oriental - exemplifying what contemporary China is all about.

MUST-VISIT PLACES

THE BUND

A symbol of Shanghai's colourful past and thriving future, this 1.5km-long waterfront on the banks of Huangpu River is lined up with avant-garde buildings that are Romanesque, Gothic, Renaissance, Baroque and Neo-Classical-inspired. Across the river is an astounding skyline of Shanghai's skyscrapers, including the famous Oriental Pearl Tower.

XINTIANDI

Located in the French Concessions Area is Xintiandi, the ultimate car-free shopping, dining and entertainment area. Traditional Shikumen (stone gate) buildings have been turned into cafes and restaurants, bars and chic boutique stores. Translated as "new heaven and earth", Xintiandi is a great place to soak in the historical and cultural elements of the city set amidst modernity.

JADE BUDDHA TEMPLE

In 1822, a monk from Burma brought two Buddha statues to Shanghai, and subsequently a temple was constructed to house them. Now a monastery of Zen Buddhism, the main attractions here are the Sitting Buddha and the Reclining Buddha statues which were made purely from white jade.

SHANGHAI ART MUSEUM

From the outside, the building strikes an opulent modern pose but once inside, it is a sanctuary for ancient art appreciation. Take a look at the intricate beauty of thousand-year-old Chinese bronzes, sculptures, ceramics, jades, seals, calligraphies, coins and currencies, paintings, furniture as well as crafts of China's ethnic minorities.

NANJING ROAD

A true shopping paradise! Nanjing Road is one of the world's longest and most vibrant shopping districts, and a must-see for fashion shoppers and tourists! This 6km-long street is constantly buzzing with excitement all day, and when night falls, the vibrant lights from the stores and restaurants brighten up the street brilliantly.



YUYUAN GARDENS

One does not think of tranquillity when you visit Yuyuan Gardens. A souvenir paradise, there are countless vendors surrounding the lively square amongst impressive classical Chinese architecture. Shop for jade, jewellery or handicraft, or even splurge at the more popular brands within the gardens.

MOGANSHAN ROAD ART CENTRE

What's more avant-garde than an old warehouse district transformed into a thriving art community, with cafes, workshops, studios and galleries filled with contemporary artworks from more than 100 resident artists. Sip coffee with the gallery owners and artists themselves, and admire the works of art around you.



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- Must-visit places and Must-eat dishes
- Quick Facts: Currency, Time Zone, Telephone code and more
- Search for best flight deals

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HONG KONG

If you listen to the heartbeat of China's steady rhythm, you'll find that Hong Kong is the city that quickens the pulse. Modern, brimmed with people and architecture, and powered by super-efficient public transportation, the city that lives to eat is compactly packed into one exciting metropolis that promises a worthy experience to every traveller.

MUST-VISIT PLACES

VICTORIA PEAK

The inclining 45-degree funicular train ride to the peak is a delightful journey by itself and at the top, another set of attractions awaits-The Peak Tower, Madame Tussauds Wax Museum, and not to mention the fabulous unobstructed view of the Hong Kong city skyline.

DISNEYLAND

Step into the magical world of Disney and enjoy to your heart's content Tomorrowland, Main Street USA, Fantasyland. You can ride the Dragon Roller Coaster, hop onto the Ferris Wheel, browse the myriad of sea creatures in the marine park, or stroll around the Chinese cultural village.

SOHO

Be seen at the popular entertainment centre of Hong Kong where avant-garde boutiques, chic restaurants and trendy nightspots are available for your slim pickings.

LADIES MARKET

In Mongkok, lies a street where dreams come true... for the ladies! The shopping paradise brings great bargains on fashion, accessories, cosmetics, decorations and more amidst the buzzing neon lights and the savoury aroma of street food.

SYMPHONY OF LIGHTS

Nothing captures the beauty of Hong Kong's skyline quite like the Symphony of Lights, a truly spectacular multimedia show seen from Victoria Harbour. It was hailed by the Guinness Book of World Records as the 'World's Largest Permanent Light and Sound Show'.

CENTRAL MID-LEVELS ESCALATOR

This world's longest series of escalators that covers the distance of 800 metres is a tourist attraction unlike any other. Be transported across 800m from Queen's Road via SoHo all the way uphill to Conduit Road - a great way to explore Central's many interesting streets.

SKY 100

From its 360-degree circular observation deck, you can get a stunning bird's eye view of Hong Kong. There's also an interactive media exhibit that showcases the history and culture of the city as well as an interesting Time Tunnel for some educational fun.

CITYGATE OUTLETS MALL

Got eyes for that sleek Coach handbag? What about that swanky pair of Adidas sneakers? Imagine discounts up to 70% on brands such as Armani Exchange, Calvin Klein, MNG, Nike, Esprit and more-- how fantastic is that!



MACAU

Inscribed by UNESCO as the historic centre of Macau, this vibrant city illustrates a unique blend of Portuguese culture and traditional Chinese traits. While visitors may get a feel of Las Vegas at first glance thanks to the entertainment centres and casinos, beyond all that glitz are gorgeous cathedrals, ancient temples and great fusion food.

MUST-VISIT PLACES

SENADO SQUARE

The town centre of Macau is where everything happens! Soak in the atmosphere of old Europe as you stroll amidst the neo-classical buildings lined up along paved mosaic boulevards and browse the many boutiques and shops along Largo do Senado.

THE VENETIAN MACAU

The biggest casino in the world and an icon of Macau, the Venetian Macau has everything in one huge complex -- shopping malls, entertainment centres, spas, hotels, restaurants and so much more! Like its namesake, it boasts Venice-styled interior with rivers running through. When you want to take a break, just hop on the gondola and take a ride through its network of canals.

A-MA TEMPLE

This oldest and most famous Taoist temple in Macau was built in 1488, a massive complex which consists of six main arenas for you to explore - the Gate Pavilion, the Memorial Arch, the Prayer Hall, the Hall of Benevolence, the Hall of Guanyin, and Zengjiao Chalin. The temple is also the UNESCO World Heritage List.

THE RUINS OF ST PAUL'S

Macau's most famous landmark was built in the 16th century as what was originally a college and cathedral. The aesthetic architectural beauty contains unique carvings such as Jesuit images of Oriental themes featuring, among others, the woman stepping over a seven-headed hydra!

MACAU TOWER

This national monument which stands tall at 338m is a great place to get the most spectacular bird's eye view of this charming city. It also hosts a set of thrilling activities for adrenaline junkies. Earn your man (or woman) card by taking on the Mast Climb, Bungee Jump, Sky-Jump, or Skywalk X.

MACAU FISHERMEN'S WHARF

A huge theme park that screams fun for the whole family! Attractions galore including a 40m tall man-made volcano, replicas of European architecture, a Roman Amphitheatre, an Arabian-style children's play area, video games centre, water performance arena, shopping mall, restaurants and many more!

GRAND PRIX MUSEUM

Make a point to stop by this unique museum, packed with racing cars, motorcycles and everything fast and furious, including the Formula 3 car that Ayrton Senna raced with to victory in the 1983 GP. Check out the simulator where you can experience the sensation of driving at above 200km per hour set amidst the 1995 Macau GP background.

XI'AN

Travel through Xi'an and you will find yourself walking through a comprehensive 'book' of China's rich and ancient history. The capital city for 13 dynasties, Xi'an has prospered through the years with the emergence of the Silk Road. Xi'an is the birthplace of China's many ideas, discoveries, civilisations and traditions, thus making China a big influential force in the world. Take a step back in time and be astonished by Xi'an's inexhaustible monuments and cultural relics.



MUST-VISIT PLACES

GRAND QIN OPERA - RETURN BACK TO CHANG'AN IN THE DREAM

The new interpretation of the Qin opera with first-class acoustics and wonderful musical production, this largescale poetic performance will take you back to the time when Xi'an was known as Chang'an, the capital of eternal peace.

TERRACOTA ARMY

In Xi'an lies the famed Terracotta Army, one of the most identifiable symbols of China. This form of funerary art is a collection of detailed terracotta sculptures depicting Emperor Qin Shi Huang's army. Dating back to 210 BC, the army guards the emperor in the afterlife.

THE DRUM TOWER AND BELL TOWER

Never worry about telling the day from the night in Xi'an--the Bell Tower got its name from the large bronze-cast bells stricken at dawn, whilst the Drum Tower is named after the huge drum beaten at sunset. The Drum Tower and Bell Tower are grand icons of the city.

XI'AN CITY WALL

The city wall stands as a witness to how great ancient Chinese military architecture was. Considering its whopping size of 12 metres in height, 15-18 metres in width at the base and 13.7 kilometres in total length, it's the world's largest city wall. It's best to traverse with a leisurely bike ride.

BIG WILD GOOSE PAGODA

The emblem of Xi'an -- the pagoda was built in 652 AD and additional five storeys were added by 704 AD. Here, you can find Buddhist scriptures and relics brought from India to China by eminent monk Xuanzang. Climb to the top of the pagoda to enjoy stunning city views, or stroll its pleasant parks and western eateries in the vicinity. Make sure you catch the water and music show at the front fountain daily.

THE GREAT MOSQUE OF XI'AN

Islam was introduced in China during the Tang dynasty, and the Great Mosque was constructed in 742 as the first mosque in the land. The architecture is heavily Chinese-influenced, with attractive pavilions and parks complementing the mosque's complex.

HUAQING HOT SPRINGS

Located near the Huaqing Palace, take a nice warm dip in the many hot springs as you're surrounded by the picturesque Mount Li. The Tang emperor built a palace at the foot of Mount Li so he could frolic with his favourite Imperial Lady Yang. You can hop onboard the nearby cable car to catch a bird's eye view of the entire area.



Indochina

THE HIDDEN GEMS OF ASIA!

Journey into Indochina and Myanmar, and you'll discover historic monuments and beautiful ancient temples—reminders of glorious pasts. Centuries of colonisation have left the cities with traces of old-world charm. With its plethora of natural wonders, you will find yourself drawn to green hillsides accentuated by rice paddies, beautiful beaches and peaceful countryside.

Whether you fancy a cup of Vietnamese coffee in Ho Chi Minh City or a junk ship cruise in Ha Long Bay, a grand tour of Angkor Wat and the surrounding temples near Siem Reap or sightseeing in the historic sites outside Phnom Penh, or even in searching for the finest exotic leather goods, Cambodian scarves and other one-of-a-kind souvenirs —we've got you covered!

The full version of the guide also gives you a rundown on the top attractions of Myanmar, including Shwedagon Pagoda in Yangon, Inle Lake and Bagan, and the palaces of Mandalay. Rounding up our Best of Indochina list is landlocked Laos, famous for its production of silk and cotton textiles with the iconic Pha That Luang in Vientiane, and scrumptious Lao dishes that are unlike any you have ever tasted. A tuktuk ride around the magnificent city is a great way to kick-start your adventure!



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VIETNAM

Set on the eastern end of the Indochinese peninsula, Vietnam has mountainous terrain and cities filled with motorbikes and colonial facades – a fascinating country that enchants travellers with its fresh food and friendly people.

MONEY MATTERS	Vietnamese Dong/US Dollars
OFFICIAL LANGUAGE	Vietnamese
WEATHER	Temperatures from 21° C to 31° C. Cooler weather in the north. Rainy season from May to September.
GETTING AROUND	Taxis and motorcycles, with trains and buses for inter-city travel.



HO CHI MINH CITY

Still affectionately called its old name Saigon by the locals, Ho Chi Minh City is a bustling metropolis. Timeless traditions and the ingenuity of the Vietnamese come to the fore in the country's largest city, where the motorcycle is king of the road and everyone enjoys coffee on low stools by the roadside.

MUST-VISIT PLACES

CU CHI TUNNELS

Believe it or not, this labyrinthine tunnel network was used as a shelter, hospital, weapons cache and supply route for the Viet Cong during the Vietnam War. Not for claustrophobics!

BEN THANH MARKET

No one leaves this shopping mecca empty-handed. Frequented by tourists for its exciting range of souvenirs and mementos, this bargain spot is a landmark by itself.

WAR REMNANTS MUSEUM

The wounds of division may have healed, but the Vietnam War's lasting effects are palpable through the museum's collection of artefacts, exhibits and photographs.

REUNIFICATION PALACE

The Fall of Saigon took place here in 1975, when North Vietnamese forces broke through the gates of South Vietnam's presidential palace, ending the Vietnam War.

SAIGON SQUARE

Haggle for clothes, bags and accessories where the locals shop. See if you can distinguish between export overruns, factory rejects and complete knock-offs.



HANOI

Few capital cities embody the old world romance of Hanoi. Located in the north of the country, it is renowned for its breathtaking natural attractions and cultural heritage.

MUST-VISIT PLACES

HA LONG BAY

Venture 3 hours away from the city to this UNESCO World Heritage Site of 2,000 islets where junk ships sail around surreal limestone peaks. The picturesque "Bay of Descending Dragons" is a popular tourist destination with rich biological and geological diversity.

HO CHI MINH MUSEUM

Larger than life, the revered leader is remembered through his letters and personal effects in this museum adjacent to his mausoleum and house on stilts. Make sure to check for opening times and hire a local guide.

TEMPLE OF LITERATURE

Nearly 1,000 years old, this sprawling temple of Confucius was once the site of the Imperial Academy, Vietnam's first university. Before Vietnamese New Year, calligraphers can write your wishes in Chinese characters for you to keep throughout the year.

HOAN KIEM LAKE

This legendary lake is famous for the scenic views of Tortoise Tower (Thap Rua), Jade Islet and the red lacquered Huc Bridge.

THANG LONG WATER PUPPET THEATRE

Water puppetry is an age-old art of North Vietnam in which puppets are manipulated over waist-deep water. Traditional but unconventional, a water puppet performance is a memorable experience!

BAT TRANG VILLAGE

This remarkable community produces high-quality pottery in all sizes, shapes and glazes imaginable. Watch ceramic artists as they continue the craft and trade of their forefathers using only their skilful hands, some clay and a fiery kiln.

LAOS

You know you're in Laos when women shuffle about in sinh (traditional skirts). Cosmopolitan aspirations appear pretentious here but you'll find a baguette whenever you want one. Time stands still in this landlocked sticky rice-loving country.

MONEY MATTERS	Lao Kip/US Dollars/Thai Baht
OFFICIAL LANGUAGE	Lao
WEATHER	The rainy season runs from May to October, with dry weather for the rest of the year. November till February are the cooler months, whilst March and April tend to be on the hotter side.
GETTING AROUND	Tuk-tuks are the primary form of transport. Buses run between towns.

MYANMAR

Better known by its British colonial name Burma, the country has welcomed curious wanderers since it opened up after its military rule. Shimmering temples and pagodas will astonish you as much as the locals in longyi (sarong) and women wearing thanaka (tree bark paste) on their faces.

MONEY MATTERS	Myanmar Kyat/US Dollars
OFFICIAL LANGUAGE	Burmese
WEATHER	Temperatures between 18°C and 37°C. Rainy from May to October, cool from November to February.
GETTING AROUND	Buses and trains are available between towns, taxis and car hires for long and short distances. Locals also have pedal or horse power options.



YANGON

Formerly Rangoon, the Burmese capital is dominated by Shwedagon Pagoda, which can be seen for miles around. The city still has more colonial buildings than high-rises, but before this changes, make Yangon your base for exploring this country of wonder.

MUST-VISIT PLACES

SHWEDAGON PAGODA

The splendour of this golden holy site is hard to put into words or even on film. Sacred as it is beautiful, the pagoda housing four relics of Buddha is believed to be 2,600 years old.

BOGYOKE AUNG SAN MARKET

Previously called Scott Market, this covered shopping area has over 2,000 shops. Burmese souvenirs, garments and gems are the main buys at this 70 year-old establishment.

TAUKKYAN WAR CEMETERY

Stop by the final resting place of Allied soldiers to honour those who fell in World War II. The memorial park has over 6,000 graves and the names of 27,000 soldiers from Commonwealth countries, including recipients of the Victoria Cross.

KYAIKTIYO PAGODA

Only a few hours away from Yangon, the Golden Rock is a popular pilgrimage site and the pride of Mon State. Buddhists believe that a strand of Buddha's hair keeps the gilded rock and the pagoda atop it from rolling off the cliff.

BAGAN

Nothing compares to the plains of Bagan, a vast archaeological area with thousands of temples and stupas, some up to a thousand years old! Ride a hot air balloon at sunrise or wait for sunset from the top of Shwesandaw Pagoda for the full effect.

INLE LAKE

Houses on stilts and floating gardens can be found on this idyllic freshwater lake famous for the Intha people who use their unique leg-rowing technique to navigate the waters.

MANDALAY

Embark on a journey fit for a king. The last royal capital and the second largest city in Myanmar, Mandalay is surrounded by older kingdoms that tell the stories of ancient times.

MUST-VISIT PLACES

MANDALAY HILL

Climb up the 240-metre hill for a panoramic view of Mandalay plain, including the 729 stupas of Kuthodaw Pagoda. Along the way, there are two giant lion statues guarding the southern gate, and numerous pagodas and statues of Buddha.

MAHAMUNI BUDDHA PAGODA

Buddha was said to have breathed upon the bronze Great Image, which is covered in gold leaf. The temple also shelters Khmer images originally from Angkor.

MANDALAY PALACE

Reconstructed following its destruction in World War II, the last royal palace stands as a witness to the glory of the Mandalay kingdom.

SHWENANDAW MONASTERY

The only palace structure saved from the Allied bombings in World War II, this 19th century teak monastery is admired for its intricate carvings. Although the glass mosaics and much of the gilding are gone, the building remains a fine example of Burmese woodwork.

SAGAING

The domed Kaungmudaw Pagoda, niched Caves Pagoda, and fantastic hilltop vista stretching across temples and Inwa Bridge all make this ancient kingdom a favourite amongst day-trippers.

AMARAPURA

Set between the Irrawaddy River and Thaungthaman Lake, this former Burmese capital is best remembered for the U Bein Bridge, the longest teak bridge in the world.

CAMBODIA

No tour of Southeast Asia is complete without a visit to Cambodia's spectacular temples. Brave the muddy monsoons and dusty dry season for a good look at some of the most amazing monuments on this side of the globe.

MONEY MATTERS	Cambodian Riel/US Dollars
OFFICIAL LANGUAGE	Khmer
WEATHER	Warm to hot, with temperatures averaging 21°C to 35°C. Rainy from May to October, with cooler weather from November to February.
GETTING AROUND	Taxis, tuk tuks and motorcycles are available within towns and cities. Take buses and taxis for inter-city travel.



SIEM REAP

Named after the defeat of Siam (now Thailand) by the Khmer, Siem Reap is booming into an international city with a quaint small-town atmosphere. The temples of Angkor are the main draw but going beyond Angkor Wat and Angkor Thom is worth the effort.

MUST-VISIT PLACES

ANGKOR ARCHAEOLOGICAL PARK

The splendid complex of Angkor Wat is a UNESCO World Heritage Site. Bayon amazes with its 54 towers, while fans of Tomb Raider can channel their inner Lara Croft at Ta Prohm. Some sites are still ruins, but restoration efforts are ongoing at major sites.

CAMBODIA LANDMINE MUSEUM

This unique museum was founded by an ex-child soldier turned de-miner. Many Cambodians still live with the effects of the landmines and the sight of unexploded ordinance remains a chilling reminder of the horrors of war.

ANGKOR NATIONAL MUSEUM

Best for escaping the midday heat, this state-of-the-art museum is an ideal primer to the history and worldview of the Angkorians during the Khmer Golden Era.

ANGKOR NIGHT MARKET

When darkness falls and the temples close, head to the town centre for souvenirs, shawls, shirts and the ubiquitous 'elephant pants' before you go for Apsara Dance dinners and drinks on Pub Street.



PHNOM PENH

Cambodia's capital city by the river is abuzz with nightlife. Sans the mad dash of many Asian cities, PP holds the countryside close while enjoying its growing modern comforts. The city hasn't forgotten its grim past, but has turned these memories into gold, as tourists find PP's part in Pol Pot's regime equally as interesting as the city's colonial heritage.

MUST-VISIT PLACES

RUSSIAN MARKET (PHSAR TOUL TOM PONG)

Once frequented by Russian expats, the market is now popular with both locals and tourists. A huge selection of inexpensive apparel, handicrafts, silverware and food can be found here. When you're done, look around for the best iced coffee in town.

CENTRAL MARKET (PHSAR THOM THMEI)

Completed in 1937, the domed Art Deco building is an icon of the city. Inside its four wings, there are antique and second-hand goods, jewellery, electronics, souvenirs and clothing.

TONLE SAP

During the rainy season, the largest freshwater lake in Southeast Asia grows to over five times its regular size. All year round, fishermen and floating villages share the lake with wooden boats for leisurely cruises.

ROYAL PALACE AND THE SILVER PAGODA

The structures in the two complexes, which sit next to each other, were built between the 1860s and the 1960s. The majestic architecture of the silver-tiled Silver Pagoda and its surrounding buildings make this working royal residence an essential part of your tour.

TUOL SLENG GENOCIDE MUSEUM AND CHOEUNG EK

One is a former high school-turned-prison then made into a museum, and the other, the most well-known of the "killing fields"—both grisly remnants of the Khmer Rouge's short but terrible reign.

INDEPENDENCE MONUMENT

Located on a roundabout in the heart of Phnom Penh, the lotus-shaped tower designed by celebrated architect Vann Molyvann is dedicated to Cambodia's independence from France.

VIENTIANE

Sabaidee! It may be lacking in skyscrapers, but Vientiane, with its French streets signs and temples at every corner is perhaps the most relaxed capital city in Indochina.

MUST-VISIT PLACES

PHA THAT LUANG

The country's gilded national symbol and most sacred Buddhist monument has been rebuilt several times over the centuries. Such is its importance that locals say no building in Vientiane is allowed to be higher than it.

PATUXAI

If the Arc de Triomphe had a Laotian cousin, Patuxai would be it. Built in remembrance of Lao soldiers who fought for the country's independence, it features a musical fountain and some of the best views of the city from the observation deck.

COPE VISITOR CENTRE (COOPERATIVE ORTHOTIC AND PROSTHETIC ENTERPRISE)

Learn more about landmines and bombs, and the rehabilitation and therapy works that COPE does to help victims move on with their lives.

BAN ANOU NIGHT MARKET

The perfect place to pick up a scrumptious takeaway dinner or evening snack is just a few minutes' walk from the riverside. Stalls set up shop before sunset and stay open till evening.

LUANG PRABANG

A UNESCO World Heritage City and former royal capital, Luang Prabang has temples, colonial buildings, natural attractions. Its delightfully quaint atmosphere makes for fascinating days on foot, riding on a bike or cruising on a boat.



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ISLANDS & BEACHES

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There is no shortage of sunny shores and secluded paradise islets in the region, new and popular spots for unforgettable outdoor adventures and indulgent relaxing vacations.

Plenty of great ideas on what to see and do in over a dozen countries. From top holiday destinations in Bali, Boracay and Bondi Beach, to amazing attractions in Phuket, Pulau Weh and Perhentian Island, share the limelight with local hangouts and secret spots in Cambodia, Malaysia, India, Taiwan, Vietnam and more!

The full travel guide has information on attractions and major festivals such as Songkran, Loy Krathong, Water Festival, Monsoon Cup and other sporting events and music festivals. Icons indicate popular activities such as walks and treks, snorkelling and diving, island hopping, surfing, kayaking and nightlife. See turtles in Thailand, brown bears in South Korea and sharks in Indonesia, or enjoy the thrilling rides at Universal Studios Singapore and Australia's Luna theme park!



LOVE IN EVERY SUNSET

Every trip we took became an incredible adventure and as we persevered through zany exploits, our bond emerged stronger than ever. Come away with us as we recount our romantic getaways to lands foreign yet mesmerising at every turn.

By Haze Jalalludin

EL NIDO, PHILIPPINES

The view from Palawan looks like it came off a "Wish you were here" postcard that some long-lost high school rivals of yours decided to send to you from their last vacation. Taking any form of pictures with El Nido's limestone cliffs in the background will surely bring numerous likes to your Facebook album, as we bemusedly found out after posting up our very own untouched pictures. Visiting this protected area proved to be the most exhilarating trip as we had numerous close encounters of the wild kind! While I tried to blend in with the olive Ridley Turtles, my other half took the funniest photos of our antics. When it was all said and done, we were more than happy to play our part in the conservation efforts. These included not buying any souvenirs made from animals (turtle shell, birds nest, etc), saving on electricity and even having the awareness of not accidentally harming any wildlife (i.e. corals). Seeing the effort taken by your partner as they lend a helping hand to mother nature only made this trip even sweeter...at least for me it did "wink".

LOMBOK, INDONESIA

Unbeknownst to the average traveller, a few kilometres to the east of Bali lies this incredible floating gem called Lombok. Surrounding this enchanting island are tales of peace, seclusion and aquamarine waters duly named Gili Trawangan, Gili Meno and Gili Air. On these magical Gilis ("little island" in local Sasak dialect) we found the versatility of each other through the vast assortment of activities on the islands.

Gili Trawangan - we found the little social butterfly in us take flight as we swapped stories with an abundance of backpackers on the boats to popular dive spots and on springy cidomo (carts pulled by local mustangs) rides around the island.

Gili Meno - sandwiched between its siblings, Meno proved to be spectacular during sunset as we dined on the quietest and most scenic beaches. Just like us, we spotted numerous boats ferrying lovebirds seeking to reignite their spark with Meno's famous candlelit dinners.

Gili Air - amongst the simple beach chalets aimed at eco-tourists, it will always remain in our memories as the place we found ourselves amongst the most basic of needs. Quieter, greener and also the perfect location to hold hands as you spy Mount Rinjani towering over Lombok.

THE BEGINNING OF MORE TO COME

As they say love can not only be found at the tip of cupid's arrow but also discovered through life's many phases, and as we travelled from one phase to the next, we also discovered the depths of our affection for each other. If we could do it, I'm sure you and your dear one could discover more on any of these enchanting islands.

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UNDERWATER WORLDS

Ever wondered what goes on underneath the wild wave surface of the blue cerulean oceans? Though it's been said that man's final frontier is space, there is still the insatiable curiosity for the marine kingdom and all its allure, mystery and myths. For those who are born to do more than to swim, here are some newer experiences to dive right in to your marine adventure!

By Ellyse Ng



SPECIAL FEATURES

Scuba Diving

One of the most commercial forms of exploration of the ocean floor, the scuba diver is armed with an air cylinder, wetsuit, fins as well as a diving mask as he moves underwater, sometimes aided by a diver propulsion vehicle.

A diving license is needed to be authorized to dive in waters. The best diving spots in the world can be found in Asia, namely Indonesia's mystical Raja Ampat Islands, Sipadan Island in Malaysia, Thailand's beautiful Similan Islands and Bali's Nusa Penida dive spots.

Drift Diving

Taking the term "going with the flow" literally, drift diving uses the ocean's currents to carry the diver through longer distances underwater. There is less interaction with the underwater life, but in the sediment-free tidal streams, you'll still be able to have clear visibility of the marine kingdom.

Only trained professionals are allowed to go on drift diving excursions, and a supporting boat will follow the divers using a surface marker buoy. The exhilarating dive experience can be found in the crystal clear waters of Bali, where Nusa Penida's 4 Drift Dives start from the Biasmunting Peninsula and finish at Krambitan Peninsula.

Kayak Diving

Also known as dive-yak, it's recreational diving that allows divers to access locations that are not accessible from the shore or by powered boats. Combining the best of sea-kayaking experience along with the underwater magic, the kayak drops an anchor and the buoyancy compensator attached to the diving cylinders is inflated and pushed overboard. Divers then slide overboard, climb into their jackets while floating whilst tying the diving reel to themselves so they can find themselves back. It's also important to have a "diver down flag" so that passers-by will not mistake the kayak as abandoned. Several dive-yaks can be found in the Tunku Abdul Rahman marine parks in Sabah, Malaysia.

Wreck Diving

There's something magical about exploring an underwater shipwreck site; the many marine life swimming about as the old rigs and rusted metal tell you their story. Often with an exciting or tragic history, wreck diving is a new skill challenge for scuba divers, as they dive into their archeological 'dig'. Labuan is Malaysia's best wreck diving spot, as the island saw much action during World War II, thus producing four truly mesmerising wreck dive sites.

Snuba

The unique combination of snorkelling and scuba diving is brought together by Snuba International, where the swimmer uses fins, diving mask, weights and diving regulators just like the usual scuba diving, but the air comes from the tanks on pontoon rafts. The limit of Snuba is a depth of six metres, and strong currents or waves are the bane of every Snuba diver. This unique underwater activity can be found amongst the beautiful reefs of Okinawa, as well as several bays in Phuket and Phi Phi Island.

Cage Diving

Divers are allowed to come into close proximity to sharks in their natural habitat whilst a metal cage provides a tactile deterrent to the predators, though there have been cases where 20-foot Great Whites managed to bite through the bars. If you land in Melbourne, hop on over to Adelaide where Port Lincoln marine is where you'll find operators for cage diving. A short boat ride away from the port is where the action happens - the crew starts to chum the waters with fish blood and offal, baiting the magnificent Great White to the boat before the cage is lowered.

Seawalking

The name says it all. You're literally walking on the floor of the ocean, as colourful fish swim right in front of your eyes. A 30kg astronaut-like helmet is connected to a hose that pumps in air whilst air pressure prevents water from getting into the helmet. Calm waters are the best condition for sea walking, and Boracay in the Philippines and the islands off the Kota Kinabalu shoreline at Sapi Island, Sabah, Malaysia are ideal for such activities.

Wall Diving

Think dramatic vertical terrains, coupled with a challenging dive amongst flourishing habitats of small tropical reef fish and large pelagic fishes. The underwater walls usually start at a shallow point, and slowly descend into the deep abyss, whilst the diver feels the thrill of being suspended in the ocean without any visible bottom. Famous for its coral overhangs, Sipadan Island in Malaysia is also famous for its wall diving where you can find more than 3000 species of wonderful marine life.



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Putri Sara

When she's not on duty, flight attendant Putri Sara can be found at the local Medan TV studio, where she is a part-time news anchor, an occupation she performed on a full-time basis until joining AirAsia in 2009. She then gave up her previous vocation; until her former TV producer happened to fly on the same flight as Putri, recognised her and told her a part-time position would be waiting for her if she so desired. She did, and so Putri is back on air - in two senses of the word!



The news anchor



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FIVE-YEAR FINANCIAL HIGHLIGHTS

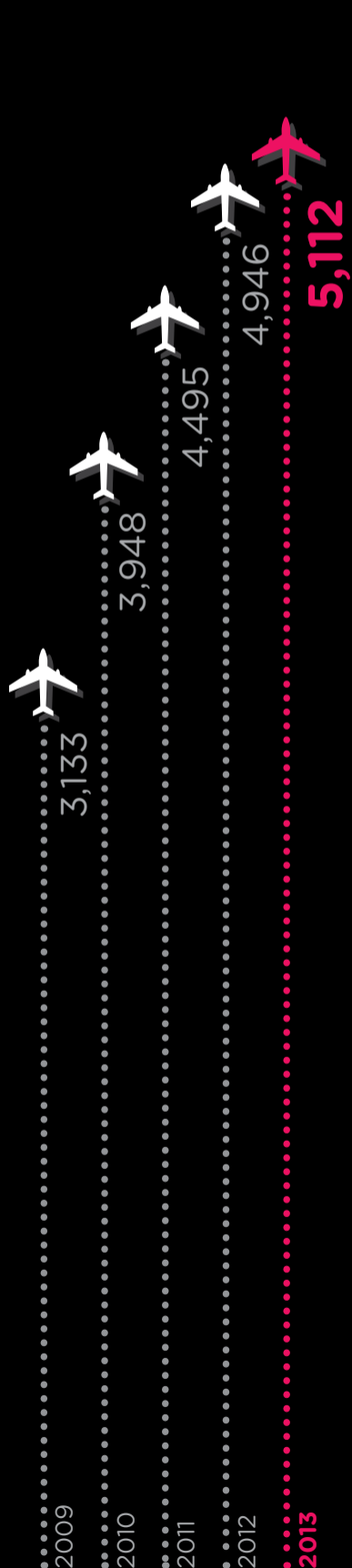
(RM million, unless otherwise stated)	For the year ended 31 December				
	2009	2010	2011	2012	2013
Revenue	3,133	3,948	4,495	4,946	5,112
Net total expenses	2,220	2,881	3,326	3,919	4,101
Operating profit	913	1,067	1,163	1,027	1,011
Profit before taxation	622	1,099	777	963	361
Taxation	-116	-38	-222	-173	1
Net profit	506	1,061	555	790	362
BALANCE SHEET					
Deposit, cash and bank balances	746	1,505	2,105	2,233	1,380
Total assets	11,398	13,240	13,906	15,729	17,856
Net debt (Total debt - Total cash)	6,862	6,352	5,676	6,177	8,790
Shareholders' equity	2,621	3,641	4,036	4,860	5,001
CASH FLOW STATEMENTS					
Cash flow from operating activities	784	1,594	1,404	1,324	961
Cash flow from investing activities	-1,777	-1,868	-487	-1,905	-2,518
Cash flow from financing activities	1,591	1,031	-300	733	508
Net cash flow	598	757	617	152	-1,049
CONSOLIDATED FINANCIAL PERFORMANCE (%)					
Return on total assets	4.4	8.0	4.0	5.0	2.0
Return on shareholders' equity	19.3	29.1	13.8	16.3	7.2
R.O.C.E. (EBIT/(Net Debt + Equity))	9.6	10.7	12.0	9.3	7.3
Operating profit margin	29.1	27.0	26.0	20.8	19.8
Net profit margin	16.2	26.9	12.3	16.0	7.1
CONSOLIDATED OPERATING STATISTICS					
Passengers carried	14,253,244	16,054,738	17,986,558	19,678,576	21,853,036
Capacity	19,016,280	20,616,120	22,474,620	24,751,800	27,307,980
Load factor (%)	75	78	80	80	80
RPK (million)	16,890	18,499	21,037	22,731	25,333
ASK (million)	22,159	24,362	26,074	28,379	31,582
Aircraft utilisation (hours per day)	12.0	12.2	12.3	12.3	12.1
Average fare (RM)	168	177	176	184	166
Yield revenue per ASK (sen)	14.1	16.2	17.2	17.4	16.2
Cost per ASK (sen)	10.0	11.8	12.8	13.8	13.0
Cost per ASK - excluding fuel (sen)	5.8	6.9	6.0	7.6	7.4
Yield revenue per ASK (USc)	4.02	5.03	5.63	5.66	5.11
Cost per ASK (USc)	2.85	3.67	4.17	4.48	4.10
Cost per ASK - excluding fuel (USc)	1.66	2.13	1.96	2.47	2.34
Number of stages	105,646	114,534	124,853	137,510	151,709
Average stage length (km)	1,166	1,184	1,162	1,148	1,144
Size of fleet at year end (Malaysia)	48	53	57	64	72
Size of fleet at year end (Group)	84	90	97	118	143
Number of employees at year end	4,597	4,702	5,137	5,644	6,089
Percentage revenue via internet (%)	76	77	78	79	85
RM-USD average exchange rate	3.52	3.22	3.06	3.08	3.17

FINANCIAL HIGHLIGHTS

2013

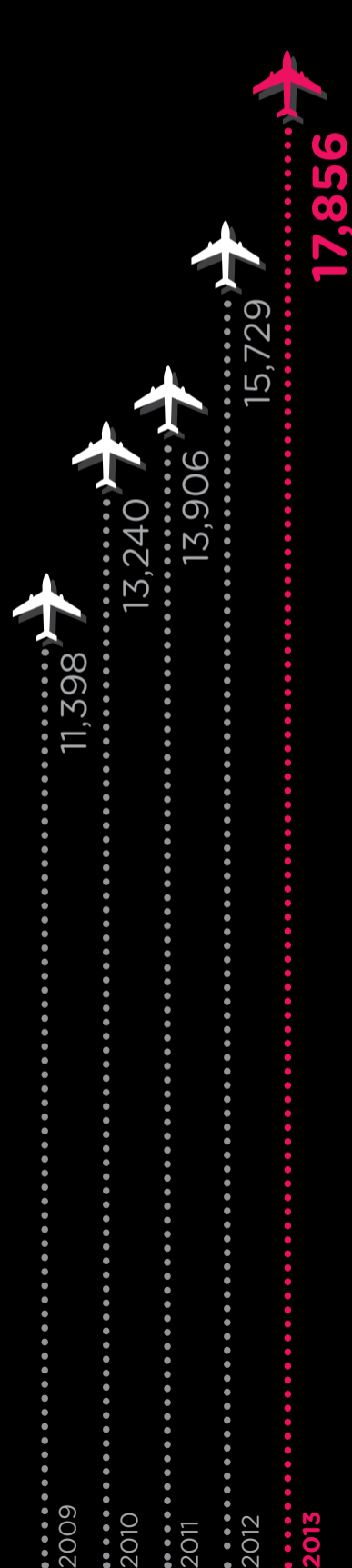
Revenue per million

2013
RM5,112
2012
RM4,946



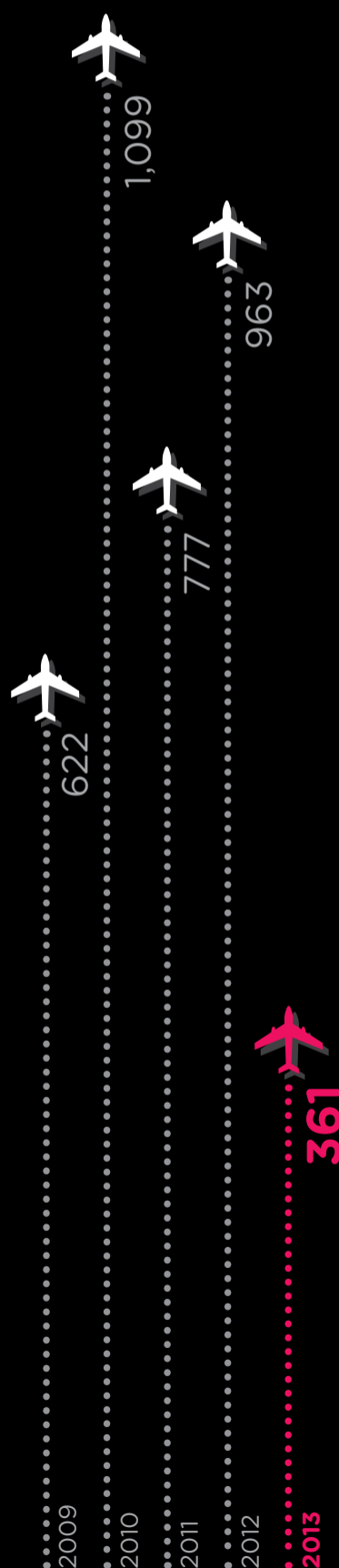
Total Assets per million

2013
RM17,856
2012
RM15,729



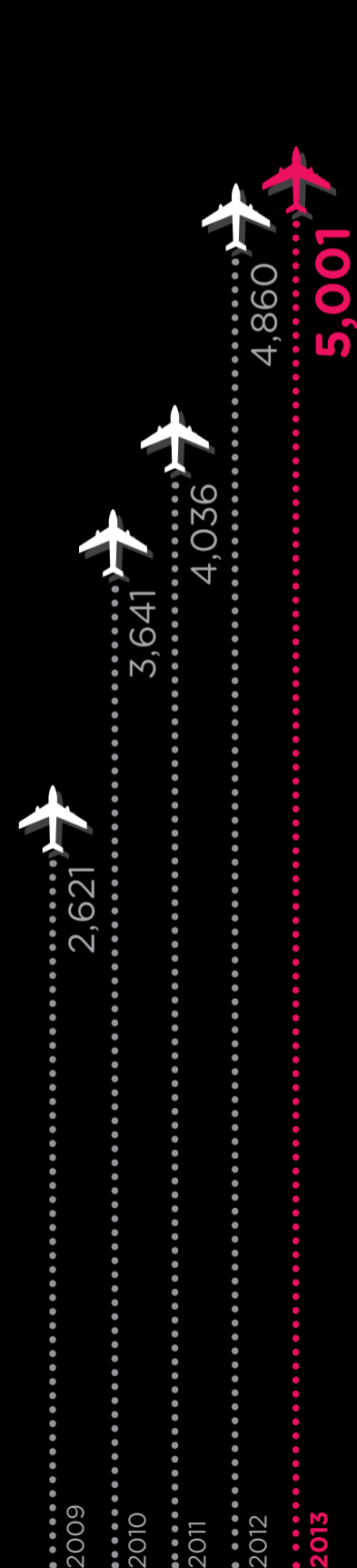
Profit Before Taxation per million

2013
RM361
2012
RM963



Shareholders' Equity per million

2013
RM5,001
2012
RM4,860

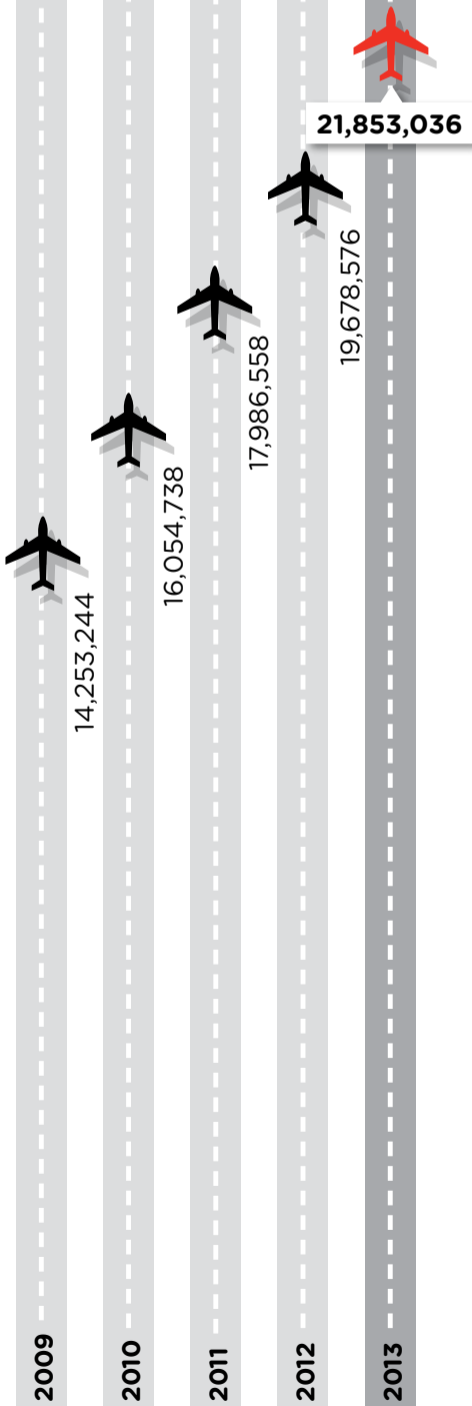


OPERATING HIGHLIGHTS 2013

PASSENGERS CARRIED

2013
21,853,036

2012
19,678,576

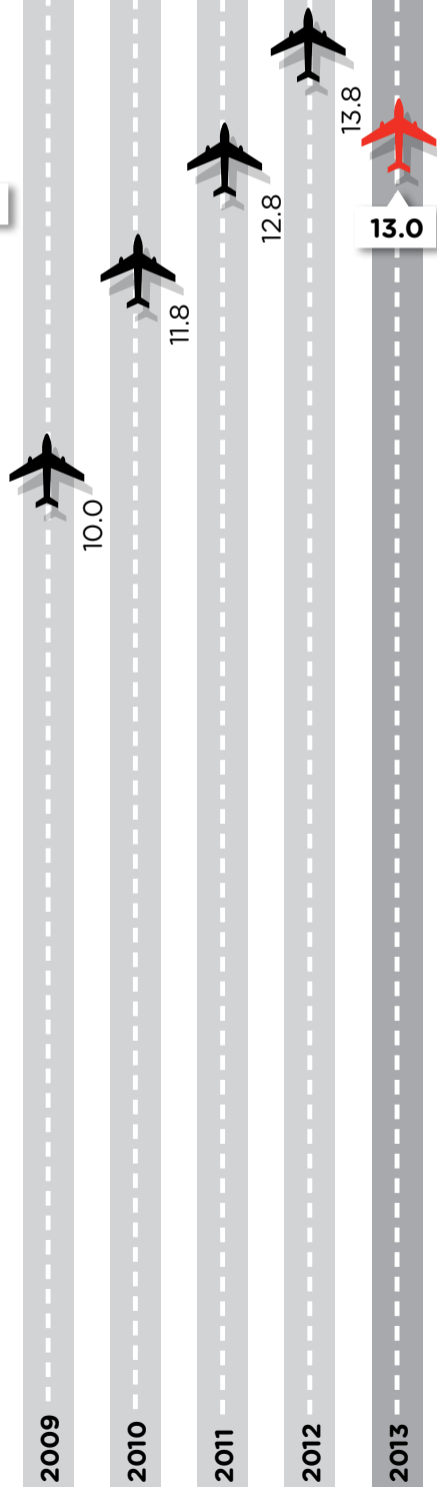


COST PER ASK

(sen)

2013
13.0

2012
13.8

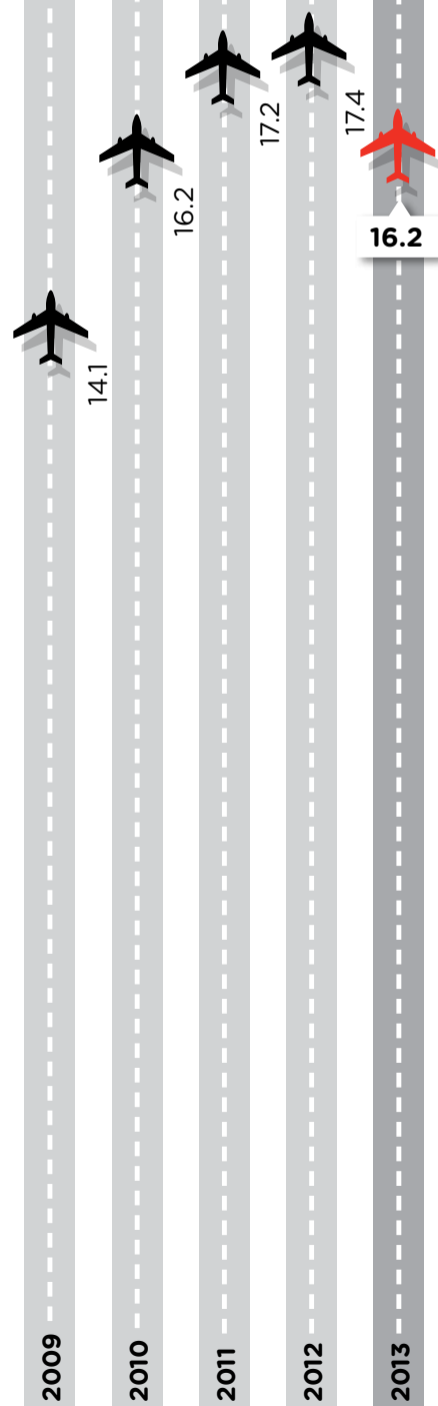


REVENUE PER ASK

(sen)

2013
16.2

2012
17.4

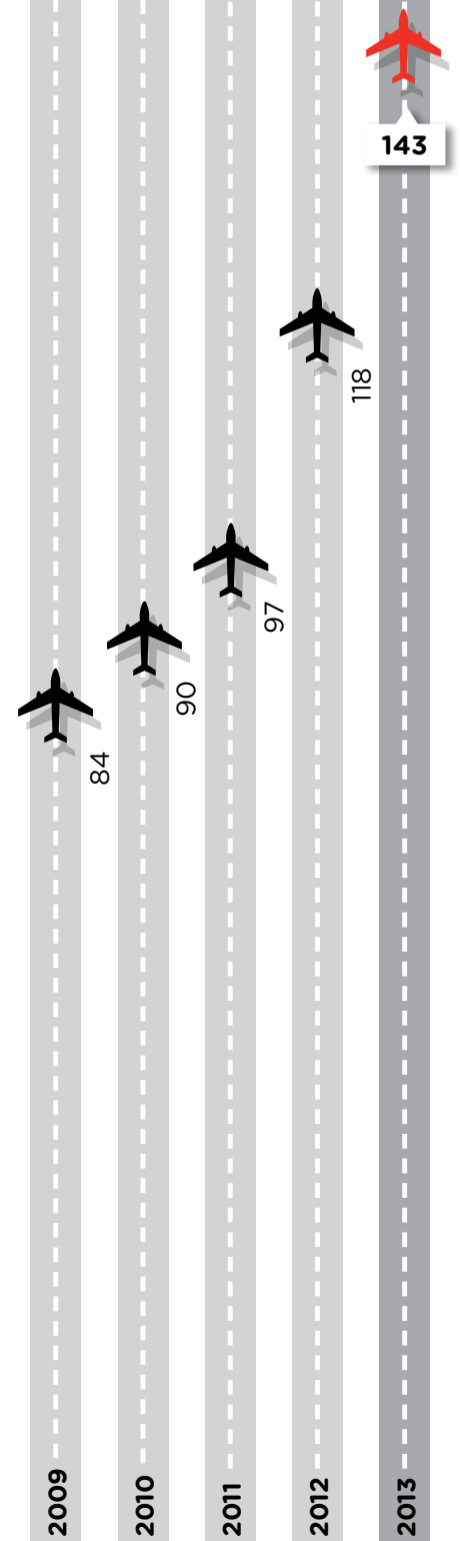


SIZE OF FLEET

(Group)

2013
143

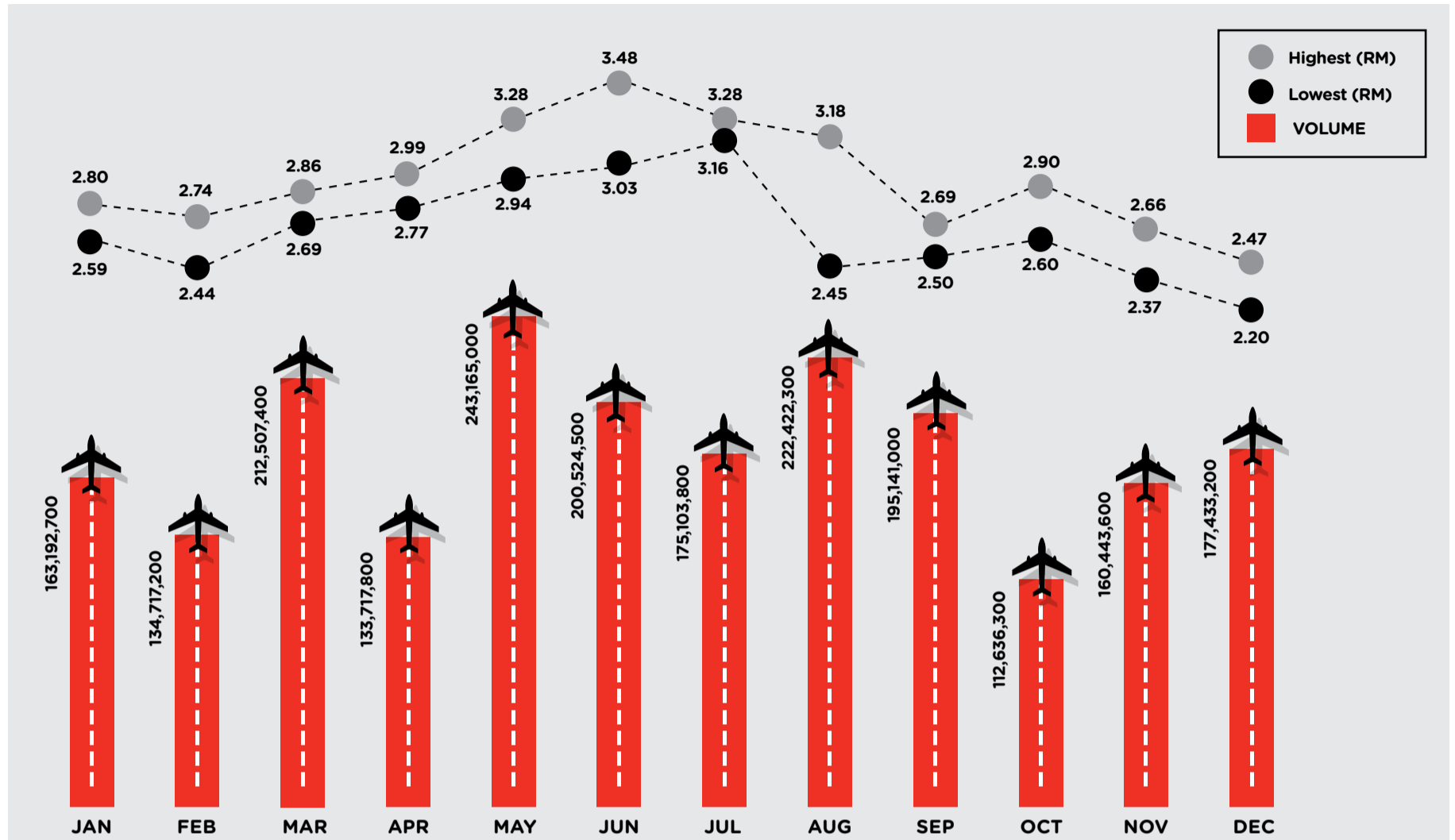
2012
118



SHARE PERFORMANCE 2013

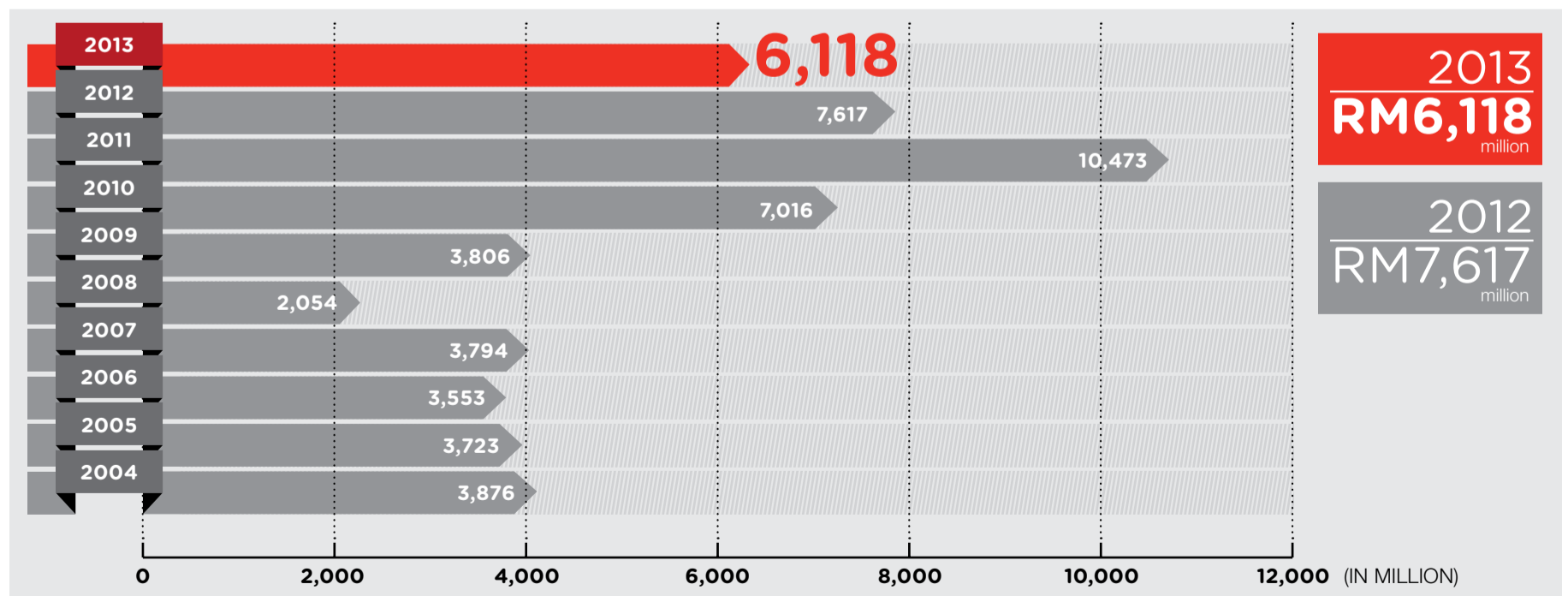
SHARE PRICE & VOLUME TRADED

2013 Monthly Trading Volume & Highest-Lowest Share Price



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
TOTAL VOLUME (000)	163,192,700	134,717,200	212,507,400	133,717,800	243,165,000	200,524,500	175,103,800	222,422,300	195,141,000	112,636,300	160,443,600	177,433,200
Highest (RM)	2.80	2.74	2.86	2.99	3.28	3.48	3.28	3.18	2.69	2.90	2.66	2.47
Lowest (RM)	2.59	2.44	2.69	2.77	2.94	3.03	3.16	2.45	2.50	2.60	2.37	2.20

MARKET CAPITALISATION as at 31 December 2013





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Air Asia

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Left to Right :

**Aliff Khaliq Hashim Bin Wan Tajuddin
Aliff Hafiz Tajuddin Bin Wan Tajuddin
Captain Falique Bin Abu Bakar
Erzuan Bin Rooslan**



BOLD



The Outbreak



Captain Faliq Bin Abu Bakar, Erzuan Bin Rooslan (aircraft technician), Aliff Hafiz Tajuddin Bin Wan Tajuddin (ramp agent), Aliff Khaliq Hashim Bin Wan Tajuddin (ramp team leader) and Wan Muhammad Shahrudin Bin Wan Tajuddin (ramp agent - not in the picture) are members of an up and coming local rock band called The Outbreak which has self-produced their debut EP titled 'EPisode I' along with their first music video, '7 Years'. The band was nominated for Best Rock Song at the Voice Independent Music Awards (VIMA) 2014.

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**Dato' Abdel Aziz @
Abdul Aziz Bin Abu Bakar**

Non-Independent Non-Executive Director

Dato' Fam Lee Ee

Independent Non-Executive Director

Datuk Kamarudin Bin Meranun

Non-Independent Executive Chairman

Tan Sri Dr. Tony Fernandes

*Non-Independent Executive Director and
Group Chief Executive Officer*

BOARD OF



ROBERT A MILTON

Independent Non-Executive Director

Aireen Omar

*Executive Director and
Chief Executive Officer*

Datuk Mohd Omar Bin Mustapha

*Senior Independent Non-Executive
Director*

**Dato' Mohamed
Khadar Bin Merican**

Independent Non-Executive Director

DIRECTORS

DATUK KAMARUDIN BIN MERANUN



Non-Independent Executive Chairman

Datuk Kamarudin Bin Meranun, Malaysian, aged 52, was appointed Director of the Company on 12 December 2001. In January 2004, he was appointed Executive Director and on 8 December 2005, he was re-designated as Group Deputy Chief Executive Officer. In 2012, Datuk Kamarudin was once again re-designated as Deputy Group Chief Executive Officer & President of Group Finance, Treasury, Corporate Finance and Legal, effective from 13 February. Thereafter, he was re-designated as a Non-Independent Non-Executive Director of the Company on 30 June 2012. In November 2013, he was re-designated as Non-Independent Executive Chairman of the Company. He is also Chairman of the Employee Share Option Scheme Committee of the Board.

Prior to joining the Company, he worked in Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing both institutional and high net-worth individual clients' investment funds. In 1994, he was appointed Executive Director of Innosabah Capital Management Sdn Bhd, a subsidiary of Innosabah Securities Sdn Bhd. He subsequently acquired the shares of the joint venture partner of Innosabah Capital Management Sdn Bhd, which was later renamed Intrinsic Capital Management Sdn Bhd.

Datuk Kamarudin received a Diploma in Actuarial Science from University Technology MARA (UiTM) and was named the Best Actuarial Student by the Life Insurance Institute of Malaysia in 1983. He received a B.Sc. with Distinction (Magna Cum Laude) majoring in Finance in 1986 and M.B.A. in 1987 from Central Michigan University.

Datuk Kamarudin received the Darjah Panglima Jasa Negara (PJN), which carries the title Datuk, from the Yang di-Pertuan Agong on 21 November 2013.

He is a Non-Independent Non-Executive Director of both Tune Ins Holdings Berhad and AirAsia X Berhad and also a Director of Yayasan Pendidikan Titiwangsa.





TAN SRI DR. TONY FERNANDES

Non-Independent Executive Director and Group Chief Executive Officer

Tan Sri Dr. Tony Fernandes CBE, Malaysian, aged 50, was appointed Group Chief Executive Officer of the Company in December 2001 and was re-designated as a Non-Independent Non-Executive Director on 30 June 2012 and subsequently as Non-Independent Executive Director and Group Chief Executive Officer of the Company in November 2013. He is also a member of the Employee Share Option Scheme of the Board.

He was the Financial Controller at Virgin Communications London (1987-1989) before moving on to be a Senior Financial Analyst at Warner Music International London (1989-1992), Managing Director at Warner Music Malaysia (1992-1996), Regional Managing Director, Asean (1996-1999) and Vice President, Asean at Warner Music South East Asia (1999-2001).

He was admitted as an Associate Member of the Association of Chartered Certified Accountants in 1991 and became a Fellow Member in 1996.

In 1999, the Sultan of Selangor bestowed on him the title Setia Mahkota Selangor for his contributions to the Malaysian music industry. He also received the Recording Industry Person of the Year 1997 award from the Recording Industry Association of Malaysia.

Since launching AirAsia, he has received numerous state awards as well as accolades from international press and industry observers.

Within Malaysia, he has been awarded the title Dato' by the Sultans of Negeri Sembilan and Pahang; Dato' Seri by the Sultan of Perak; and the title Tan Sri, one of the country's highest honours, from a former Yang di-Pertuan Agong.

He also received an Honorary Doctorate of Business Innovation from Universiti Teknologi Malaysia (UTM) in March 2010.

Internationally, his outstanding contributions to the French aviation industry were recognised with the title Officier of the Legion d'Honneur in April 2010, followed by the Commander of the Legion d'Honneur in November 2013, the highest rank of honour that the French Government can bestow on non-French citizens. In 2011, he was awarded the Commander of the Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II.

From the industry, he was presented the Airline Business Strategy Award 2005 and Low Cost Leadership Award by Airline Business and named Asia Pacific Aviation Executive by the Centre for Asia Pacific Aviation (CAPA) for the years 2004 and 2005. He bagged The Brand Laureate Brand Personality Award for his exemplary performance, dedication and contribution to the aviation industry in Malaysia in 2006 and 2007. He was presented the CAPA Legend Award 2009 (Aviation Hall of Fame) for his influence in shaping the aviation industry's evolution and the Airline CEO of the Year Award for 2009 from Jane's Transport Finance for his success in leading and growing AirAsia into Asia's largest and the world's best low-cost airline.

In 2010, Tan Sri Tony was awarded the prestigious Nikkei Asia Prize in Tokyo for his contributions to the growth of Asia and the Masterclass Global CEO of the Year award at the 2nd Malaysia Business Leadership Award (MBLA). He was also named Forbes Asia Businessman of the Year 2010, the first Malaysian and Asean citizen to receive the award.

In 2011, Tan Sri Tony was named one of the most creative people in business by New York-based business magazine Fast Company and was on its Top 10 Most Creative People in Twitter list. He was also named CEO of the Year at the Annual Budgies World Low Cost Airline Awards held in London; and CNBC Travel Business Leader of 2011 at CNBC's Travel Business Leaders Award Asia Pacific held in Singapore.

In 2012, he was bestowed the Individual Achievement of the Year award at the 1st Malaysia Achievement Awards 2012, organised by the Malaysia Achievement Organisation (MACA). He was also honoured with the Best CEO for IR - Mid Cap award by the Malaysian Investor Relations Association Berhad (MIRA); named as one of Malaysia's outstanding CEOs by The Edge Billion Ringgit Club (BRC); and announced as GQ India's International Businessman of the Year at the GQ Men of the Year Awards 2012 in Mumbai.

In January 2013, Tan Sri Tony was named a Malaysia Brand Ambassador by Prime Minister Dato' Sri Mohd Najib bin Tun Haji Abdul Razak at the World Economic Forum in Davos, Switzerland. He went on to win Corporate Governance Asia's Best CEO for Malaysia award - for the third year in a row - in March.

He is a Non-Independent Non-Executive Director of both Tune Ins Holdings Berhad and AirAsia X Berhad.

AIREEN OMAR

★★★★

Executive Director and Chief Executive Officer

Aireen Omar, Malaysian, aged 40, was appointed as Chief Executive Officer and Executive Director of AirAsia Berhad effective from 1 July 2012. Prior to this, she was Regional Head of Corporate Finance, Treasury and Investor Relations at AirAsia. She is a member of the Safety Review Board.

She joined AirAsia in January 2006 as Director of Corporate Finance whereupon her portfolio quickly expanded to include Treasury, Fuel Procurement and Investor Relations functions.

Aireen was an integral member of AirAsia's leadership team under Tan Sri Dr. Tony Fernandes and Datuk Kamarudin Meranun in mapping out the Company's growth plans and implementing the strategy that helped AirAsia maintain its trajectory despite increased competition in the Asean skies.

She has played a critical role in AirAsia's transformation into the biggest low-cost airline in Asia. Despite taking on Treasury functions in 2009, at the peak of the global financial crisis when credit lines were dry and the market volatile, she managed to raise funds for further growth of the entire AirAsia Group, facilitating both fleet expansion and the setting up of various joint ventures. She was a catalyst in innovating financing structures such as the Islamic French Single Investor Ijarah, which earned AirAsia global recognition for its leadership in the finance world. She also played an instrumental role in leading the team responsible for the equity private placement that raised more than half a billion ringgit in 2009.

Aireen is further credited for locking in financing at very competitive rates for the purchase of aircraft for AirAsia Group. This particular contribution allowed AirAsia to pull well ahead of competitors and reinforce its strategic advantage. Later, she was part of the team that negotiated the purchase of 200 Airbus A320neo aircraft from Airbus which was announced at the Paris Airshow in 2011. Under her leadership, too, Investor Relations was restructured to facilitate greater transparency and improved engagement with the investment community.

Before joining AirAsia, she worked for nine years in the financial industry, beginning her career at Deutsche Bank Securities Inc, where she was an Associate from 1997-2000 in New York and London, her last position being at the Equity Arbitrage Proprietary Trading Desk focusing on international equities, equity derivatives and equity-linked products. Upon returning to Malaysia in 2001, she worked in several major local financial institutions, including Maybank Group.

Aireen holds an Economics degree from the London School of Economics and Political Science and MA in Economics from New York University.





DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR

Non-Independent Non-Executive Director

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar, Malaysian, aged 61, was appointed as a Non-Executive Director of the Company on 20 April 2005. On 16 June 2008, he was re-designated as a Non-Executive Chairman and, subsequently as a Non-Independent Non-Executive Director in November 2013. He is also a member of the Audit Committee and Nomination and Remuneration Committee. Prior to this, he served as a Director of the Company from 12 December 2001 to 11 October 2004; and then as an Alternate Director to Dato' Pahamin Ab. Rajab from 11 October 2004. Dato' Aziz is currently the Executive Chairman of VDSL Technology Sdn Bhd. He served as the Chairman of Performance and Artistes Rights Malaysia Sdn Bhd (PRISM), a collection society for performers of recorded music, and the Academy of Malaysian Music Industry Association (PAIMM) for more than 10 years until end 2012 and January 2011, respectively.

From 1981 to 1983, he was the Executive Director of Showmasters (M) Sdn Bhd, an artiste management and concert promotion company. He subsequently joined BMG Music and was General Manager from 1989 to 1997 and Managing Director from 1997 to 1999. He received a Diploma in Agriculture from Universiti Pertanian Malaysia in 1975, a BSc in Agriculture Business from Louisiana State University, USA in 1978 and MBA from the University of Dallas, USA in 1980.

He is also a Director of Yayasan Astro Kasih.

DATO' FAM LEE EE



Independent Non-Executive Director

Dato' Fam Lee Ee, Malaysian, aged 53, was appointed an Independent Non-Executive Director of the Company on 8 October 2004. He is also a member of the Audit, Remuneration and Nomination Committees of the Board. He received his BA (Hons) from the University of Malaya in 1986 and LLB (Hons) from the University of Liverpool, England in 1989. Upon obtaining his Certificate of Legal Practice in 1990, he has been practising law since 1991 and is currently a senior partner at Messrs YF Chun, Fam & Yeo. Dato' Fam also serves as a Non-Independent Non-Executive Director of AirAsia X Berhad.





DATO' MOHAMED KHADAR BIN MERICAN



Independent Non-Executive Director

Dato' Mohamed Khadar Bin Merican, Malaysian, aged 58, was appointed an Independent Non-Executive Director of the Company on 10 September 2007. He is also Chairman of the Audit Committee of the Board and a member of the Safety Review Board.

He has had more than 30 years' experience in financial and general management. He was an auditor and a management consultant with an international accounting firm before joining a financial services group in 1986. Between 1988 and April 2003, Dato' Khadar held several senior management positions in Pernas International Holdings Berhad (now known as Tradewinds Corporation Berhad), a company listed on the Main Market of Bursa Malaysia Securities Berhad, including as President and Chief Operating Officer.

He is a member of both the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. He is also presently a Director of Rashid Hussain Berhad (In Members' Voluntary Liquidation), RHB Capital Berhad, RHB Bank Berhad, RHB Investment Berhad (formerly known as RHB Sakura Merchant Bankers Berhad), Astro Malaysia Holdings Berhad and Sona Petroleum Berhad.

DATUK MOHD OMAR BIN MUSTAPHA

Senior Independent Non-Executive Director

Datuk Mohd Omar Bin Mustapha, Malaysian, aged 42, was appointed as an Independent Non-Executive Director of the Company on 16 March 2011 and was re-designated as a Senior Independent Non-Executive Director on 22 May 2013. He is Chairman of the Nomination and Remuneration Committee of the Board.

Datuk Mohd Omar was appointed to the PETRONAS Board in September 2009 and is Chairman of the Petronas Leadership Centre (PLC). He is the Founder and Chairman of Ethos & Company, a leading Malaysian-based management consulting firm and a General Partner of Ethos Capital, a regional private equity fund. He was nominated a 2008 Eisenhower Fellow, a 2009 Young Global Leader (YGL) of the World Economic Forum in Davos and an Advisory Council member of the Institute for Democracy and Economic Affairs (IDEAS).

Datuk Mohd Omar graduated from Oxford University where he obtained his B.A (Hons) and M.A in Politics, Philosophy and Economics. He has attended advanced leadership studies at the Harvard Kennedy School of Government.





ROBERT A MILTON



Independent Non-Executive Director

Robert A Milton, Canadian, aged 53, was appointed an Independent Non-Executive Director of the Company on 7 June 2013. He is also Chairman of the Safety Review Board.

Robert was the Chairman, President and Chief Executive Officer of ACE Aviation Holdings, Inc. (ACE) from 2004 until 2012. ACE was the parent holding company of the reorganised Air Canada and a number of other separate legal entities including Aeroplan LP (now AIMIA) and Air Canada Jazz (now Chorus Aviation Inc.).

Robert was the President and Chief Executive Officer of Air Canada from 1999 until 2004, prior to which he held the positions of Executive Vice President and Chief Operating Officer. He started his career at Air Canada in 1992 on a consulting basis and then assumed increasingly responsible positions in cargo operations, scheduling, product design, advertising, in-flight service and marketing.

Prior to joining Air Canada, Robert was a founding partner of Air Eagle Holdings Inc. and an independent commercial aviation consultant to British Aerospace Limited. He served as Chair of the International Air Transport Association's Board of Governors from 2005 to 2006. He is a past Chairman of the Georgia Tech Advisory Board and currently serves as a Trustee of the Georgia Tech Foundation. He is also a member of the Advisory Board of Tennenbaum Capital Partners, LLC, Lead Director of Air Lease Corporation and serves on the Board of Directors of the Smithsonian Institution's National Air and Space Museum.

Robert received his Bachelor of Science degree in Industrial Management from the Georgia Institute of Technology in 1983.

Air Asia

IMPRESSIVE



OPEN

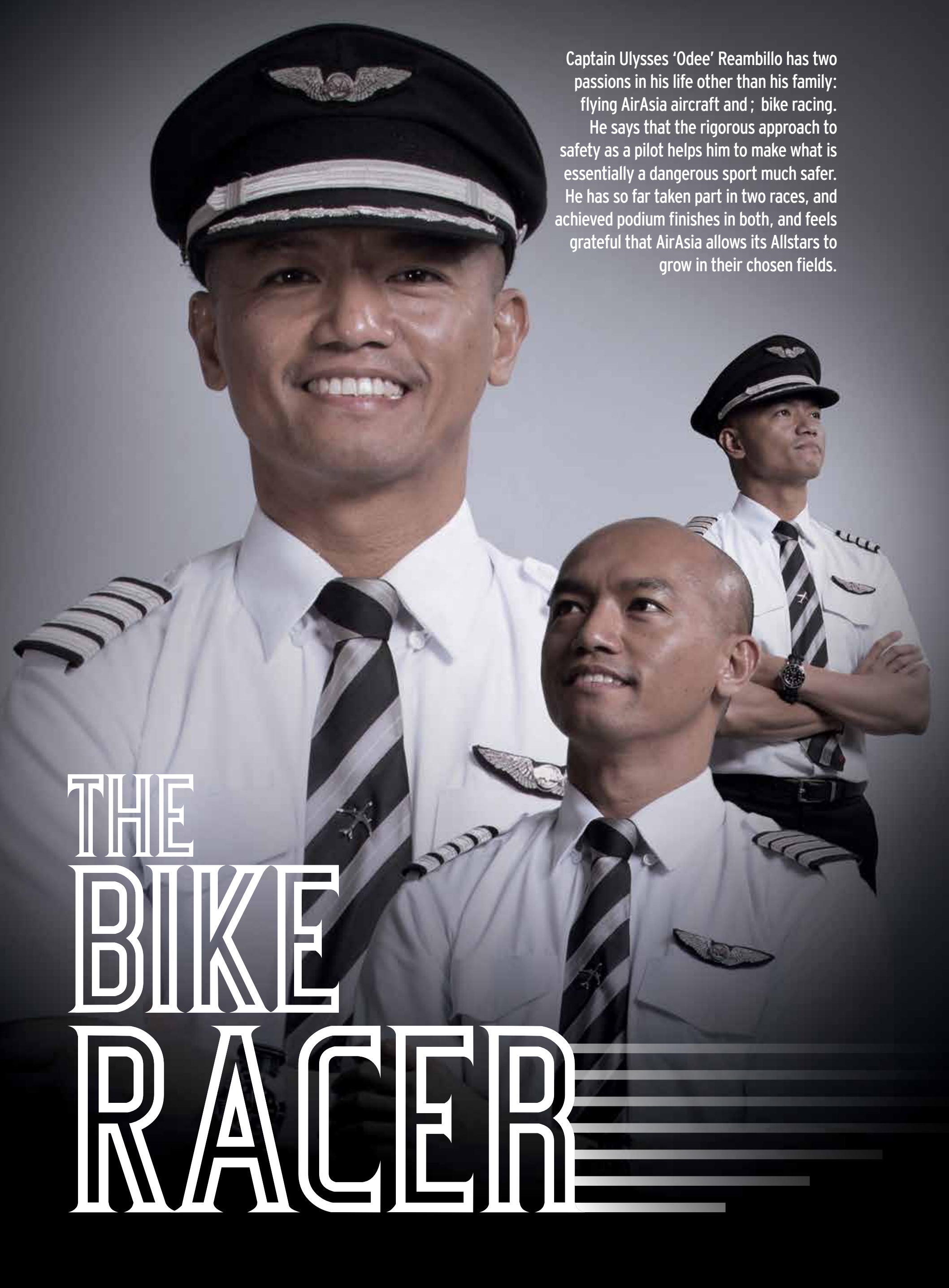
Captain Ulysses 'Odee' Reambillo

AirAsia

IMPRESSIVE



Captain Ulysses 'Odee' Reambillo



Captain Ulysses 'Odee' Reambillo has two passions in his life other than his family: flying AirAsia aircraft and ; bike racing. He says that the rigorous approach to safety as a pilot helps him to make what is essentially a dangerous sport much safer. He has so far taken part in two races, and achieved podium finishes in both, and feels grateful that AirAsia allows its Allstars to grow in their chosen fields.

THE BIKE RACER

THE EXCELLENT TEAM

Senior Management

**CAPTAIN
DHARMADI**

Chief Executive
Officer
Indonesia AirAsia

**DATUK KAMARUDIN
BIN MERANUN**

Non-Independent
Executive Chairman
AirAsia Berhad

**TAN SRI DR. TONY
FERNANDES**

Non-Independent
Executive Director
and Group Chief
Executive Officer
AirAsia Berhad

**AIREEN
OMAR**

Executive
Director and
Chief Executive
Officer
AirAsia Berhad

**TASSAPON
BIJLEVELD**

Chief Executive
Officer
Thai AirAsia

**MARIANNE
HONTIVEROS**

Chief Executive
Officer
Philippines'
AirAsia

**JOY
CANEBA**

Chief Executive
Officer
AirAsia Zest



SENIOR MANAGEMENT



Captain Dharmadi
CHIEF EXECUTIVE OFFICER
INDONESIA AIRASIA

Captain Dharmadi joined Indonesia AirAsia in 2007 as Chief Executive Officer. Prior to that, he spent more than 32 years at Garuda Indonesia Airlines, holding several managerial positions such as Flight Crew Training Manager, Training Centre Director, Senior Vice President – Procurement, and Executive Vice President – Operations. He also served as a Captain Pilot in the B747-400 Flight Crew of Asiana Airlines, Korea from 2005-2007. He holds a Bachelor of Technical Engineering from Indonesia, and a Master of Management (International Marketing Management) from PPM Business School, Indonesia.

Datuk kamarudin bin meranun
NON-INDEPENDENT EXECUTIVE CHAIRMAN
AIRASIA BERHAD

Details of Datuk Kamarudin Meranun are disclosed in the Directors' Profile on page 64 of this Annual Report.

Tan Sri Dr. Tony Fernandes
NON-INDEPENDENT EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER
AIRASIA BERHAD

Details of Tan Sri Dr. Tony Fernandes are disclosed in the Directors' Profile on page 66 of this Annual Report.

Aireen Omar
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Details of Aireen Omar are disclosed in the Directors' Profile on page 68 of this Annual Report.

Tassapon Jilvel
CHIEF EXECUTIVE OFFICER
THAI AIRASIA

Tassapon joined Thai AirAsia as Chief Executive Officer when the airline took off in 2003. He is entrusted with overseeing all aspects of the airline's operations as well as boosting growth in Thailand. Prior to joining Thai AirAsia, Tassapon was Managing Director of Warner Music (Thailand) Co. Ltd. for five years. Within three years, he managed to turnaround the company from bottom ranking among all international music companies to achieving the top position. Tassapon has more than 12 years' experience in the consumer product industry. He worked in various countries in the region for two Fortune 500 companies - Adams (Thailand) Co. Ltd. and Monsanto (Thailand) Co. Ltd. He was a pioneer at Monsanto, setting up the division from scratch before building it into a multimillion dollar business in just a few years. Tassapon holds a Master's in Marketing, and is currently a part-time lecturer at several leading universities in Thailand. He is well-known for his leadership and team-building abilities. Thai AirAsia's success is a result of a passionate, motivated team with strong rapport.

Marianne Hontiveros
CHIEF EXECUTIVE OFFICER
PHILIPPINES' AIRASIA

Maan was appointed as Chief Executive Officer of Philippines' AirAsia Inc in March 2011, becoming the first female CEO in AirAsia Group. She is also a shareholder and Board Director of the company. As CEO, Maan took on the challenge of forming the pioneering team for the start-up company and of securing the air operator's certificate and operating permits. Maan is responsible for overseeing all aspects of the airline's operations, including establishing domestic and regional routes and ensuring compliance with the government's civil aviation regulations. Her rich and varied experiences prior to AirAsia involved television broadcasting and production, corporate communications, computer graphics, arts management and music. She established Warner Music Philippines in 1992 and served as Managing Director for six years.

Joy Caneba
CHIEF EXECUTIVE OFFICER
AIRASIA ZEST

Joy Caneba was appointed as Chief Executive Officer of AirAsia Zest (AAZ) effective from 1 April 2014. A lawyer by profession, she has been an advisor and counsel to AirAsia in its efforts to enter the Philippines and establish its brand and operations there. She has been the Chief Operations Officer and Accountable Manager as well as a member of the Board of Directors of AAZ since July 2013, as well as Corporate Secretary and Head of Legal & Compliance since May 2013 (and the same for AirAsia Inc since January 2013). Prior to joining AirAsia Zest, she was the external legal counsel advising AirAsia on the acquisition of Zest Airways Inc. Joy has a degree in Communications Management from the Assumption College of Makati City, Manila, as well a Bachelor of Laws from the University of Santo Tomas, also in Manila. Upon passing her Philippine Bar Examination in 2005, she entered legal practice specialising in corporate law.

THE EXCELLENT TEAM

Senior Management

SPENCER
LEE TECK LOONG

Head
Commercial

AMIR FREZAL BIN
ZAKARIA

Group Head
Legal and Compliance

ANAZ BIN AHMAD
TAJUDDIN

Group Head
Engineering

ANDREW
LITLEDALE

Chief Financial Officer
Finance

CAPTAIN AHMAD RIDZWAN
BIN MOHD SALLEH

Director
Flight Operations



SENIOR MANAGEMENT



Spencer Lee teck LoonG

HEAD
COMMERCIAL

Spencer oversees the entire Malaysia Commercial function and is accountable for its profit and loss (P&L). He joined AirAsia in 2006 as a Marketing Manager and moved on to set up the Ancillary Income Department. He was appointed as Head of Marketing in 2013 and promoted to Head of Commercial early in 2014. Spencer has pioneered a number of projects in AirAsia, especially Ancillary products, and was instrumental in setting up the AirAsia BIG loyalty programme. He also won the best co-brand credit card programme with Citibank, the best use of TV with Media Prima, Social Media and Digital during his marketing period at AirAsia. He has over 13 years of experience in fields that include marketing, advertising, sales, communications, mobile and loyalty programmes. He graduated with a Bachelor's in Advertising and Marketing from Curtin University of Technology Perth, WA.



amir FaeZal bin Zakaria

GROUP HEAD
LEGAL AND COMPLIANCE

Amir provides the Group with legal support relating to aircraft purchase and financing, corporate exercises and joint ventures, contracts for airline operations, commercial and procurement contracts as well as managing litigation matters. He also oversees regulatory and compliance for the AirAsia Group of Companies. He has a wide range of legal experience in areas of commercial law, corporate finance, banking and transport. Prior to joining AirAsia, Amir spent 13 years as a legal practitioner in a number of Malaysian legal firms including Rashid & Lee (now Shahrizat Rashid & Lee) and Zaid Ibrahim. Amir graduated with an LLB (Hons) from Leeds Metropolitan University, UK, is a member of the Honourable Society of Lincoln's Inn since 1992 and was called to the Malaysian Bar in 1993.



anaZ bin ahmaD taJuDDin

GROUP HEAD
ENGINEERING

Anaz has been AirAsia's Group Head of Engineering since February 2012. He joined AirAsia in 2003 in Line Maintenance, but within a year was appointed to the airline's new fleet selection team, where he was instrumental in planning the entry into service of AirAsia's A320 fleet as well as setting up the airline's Warranty & Contracts Department. In 2008, he joined AirAsia X's pioneering management team as Director of Engineering, playing a central role in planning their new fleet strategy, negotiating aircraft and engine selections, and later expanding the airline's A330 fleet. Since qualifying as an Avionics Aircraft Engineer at the age of 21, Anaz's almost 20-year career has taken him around the world, working with Malaysia Airlines, Jet Airways in Mumbai, Monarch Airlines Engineering in London, and Bahrain Airport Services. Anaz is also a Director of Flight Focus, a leading provider of Avionic platform solutions for aircraft cockpits and cabins, and a system connectivity integrator for aircraft and ground communication.



anDreW LittleDaLe

CHIEF FINANCIAL OFFICER
FINANCE

Andrew was appointed to his current role in February 2012. Prior to joining AirAsia in 2010, he was the Chief Financial Officer of AirAsia X, a position he had held since the airline's inception in 2007. He has over 20 years' experience in the banking and aviation sectors and has worked in Chile, Egypt, the UK and Malaysia. His earlier appointments include Group Reporting Manager of Cookson plc, Group Management Accountant of FKI plc in London and Group Financial Accountant with Blue Circle Industries plc, London. Andrew holds a BSc in Zoology from the University of London, UK and is an FCMA qualified accountant. He also has a JAA Private Pilot's License.



Captain ahmaD riDZW an bin mohD SaLLeh

DIRECTOR
FLIGHT OPERATIONS

Captain Ridzwan is responsible for the safe and efficient operation of AirAsia's aircraft by its pilots and cabin crew, and for ensuring compliance with national and international regulatory requirements and procedures. He joined AirAsia in October 2004 and, following a stint at AirAsia X from 2010, returned to AirAsia in 2013. In his 44-year career, he has served the Royal Malaysian Air Force as Director of Air Plans and the Department of Civil Aviation Malaysia as Director of Flight Operations and Airworthiness. Capt Ridzwan has attended numerous courses including Flight Instructions (RAAF East Sale), Test Pilot (ETPS Boscombe Down), Aircraft Accident Investigation (FAA Academy, Oklahoma), Operations Surveillance and Inspection (FAA Academy, Oklahoma), Simulator Certification (FAA Academy Oklahoma), Safety Management System (ICAO/DCA Malaysia), Initial Aircraft Certification (FAA/NTPS Mojave), Advanced Management Program (Staff Management College, Mt Eliza, Melbourne) and Military Operations Research and Analysis (RMCS Shrivenham).

THE EXCELLENT TEAM

Senior Management

FRANCIS LOH

Head
Guest Services

PAUL CARROLL

Head
Route Revenue

SENTHIL BALAN
DANAPALAN

Group Head
Network and Regulatory
Affairs

ADZHAR BIN
IBRAHIM

Group Head
People Department

ASHOK HUMAR

Group Head
Airports and Incentives



SENIOR MANAGEMENT

Francis Loh

HEAD

GUEST SERVICES

Francis joined AirAsia in 2013. He has over 27 years of experience in various organisations and industries, starting with the Star Publications, then venturing into financial services with corporate organisations such as Citibank, Standard Chartered Bank and Diners Club. He has held senior roles in managing products, growing new businesses, improving processes and managing customer service. Francis is well-equipped to understand, analyse and ultimately bring about positive change in offering great, consistent customer service that will be a differentiator during these competitive times. He holds a BSc in Systems Management from the University of South Alabama, US and an Associate in Business Administration from the Institute of Business Administration, New South Wales, Australia. He has also attended the Said Business School at Oxford University.

Paul Carroll

HEAD

ROUTE REVENUE

Paul joined AirAsia in 2011 and currently oversees all aspects of the Company's pricing and inventory management while managing capacity tactically with corresponding demand to maximise revenue performance. He spent the early part of his career working in a number of analytical roles within the industry, starting off within the Revenue Management team at the Aer Lingus Group based in Dublin. He then joined the start-up team at flydubai, the first low-cost airline in the United Arab Emirates (UAE), with responsibility for the integration of network, fleet and schedules planning. Paul is a graduate of Cranfield University, UK and holds an MSc in Air Transport Management.

Senthil Balan Danapalan

GROUP HEAD

NETWORK AND REGULATORY AFFAIRS

Senthil Balan is the Group Head of Network and Regulatory Affairs for AirAsia Group. The role oversees fleet, route planning and schedule management across all AirAsia Group airlines. Prior to this role, he was the Commercial Director at AirAsia X, and was part of the AirAsia X start-up team at its inception in 2007. While at AirAsia X, he led his team to achieve the inaugural Best Network Performance award by World Routes 2011, ahead of bigger and established carriers. Prior to AirAsia Group, Senthil worked in Malaysia Airlines, initially driving their Investor Relations Programme before moving into the Corporate Turnaround Management Office to assist their turnaround initiatives. Senthil also had stints in Astro All Asia Networks and Ernst and Young. He obtained a Bachelor's in Commerce at the University of Auckland, New Zealand.

Adzhar bin Ibrahim

GROUP HEAD

PEOPLE

Adzhar is the Group Head of People for the AirAsia Group as well as Head of People for AirAsia Berhad, responsible for all aspects of people and organisational matters such as rewards, recruitment, compliance and discipline, learning and development, and performance and talent management. He has been with AirAsia since January 2010. Adzhar brings with him 33 years of experience in Human Resources across many industries and sectors, in both local as well as foreign-owned corporations. Of this, 27 years were at head level. Prior to joining AirAsia he served the banking, telecommunications, healthcare and semiconductor sectors in companies at various stages of their development, from start-ups to some of the oldest organisations in the country. He holds a diploma in management.

Ashok Kumar

GROUP HEAD

AIRPORTS AND INCENTIVES

Ashok joined AirAsia in June 2003 as a Senior Manager, Commercial Planning and Strategy. His current portfolio includes negotiating airport charges, airport incentives, obtaining regulatory approvals, and infrastructure development. He has 45 years of experience in the airline industry, having worked at Malaysia-Singapore Airlines as a Management Trainee/Marketing Executive from 1969 to 1972 and Malaysia Airlines from 1972 to 2003, where he held various key positions, including Assistant General Manager and Operations Planning. Ashok received a Bachelor of Applied Economics (Hons) from the University of Malaya in 1969.

THE EXCELLENT TEAM

Senior Management

PATRICK FENNELL

Head
Operations Control Centre

CAPTAIN
CHIN NYOK SAN

Group Head
Cargo

TAN ENG ENG

Group Head
Internal Audit

TERRI CHIN

Group Head
Quality and Assurance

CAPTAIN SAIFUL JOHAR
BIN ABDUL LATIF

Director
Safety



SENIOR MANAGEMENT



patriCk FenneLL

HEAD

OPERATIONS CONTROL CENTRE

Patrick has been with AirAsia since 2012 as Head of Operations Control in Malaysia, often described as the 'nerve-centre' of the company. He is responsible for flight planning, on-time performance and operational efficiency. Prior to joining AirAsia, he held similar operational roles at other airlines in Europe, the Middle East and Caribbean, acquiring wide-ranging experience in different air transport business models from cargo to charter, business jets to helicopters and LCCs. A significant part of Patrick's career to date has been spent in start-up carriers in various parts of the world, which led him to AirAsia's latest venture in India. Patrick recently completed a Master's degree in Air Transport Management from Cranfield University in the UK.



Captain Chin nyok San

GROUP HEAD

CARGO

Captain Chin has been with AirAsia since 1996 as Director of Flight Operations. In 2005, he was made Head of Business Development and in 2013, he assumed his current position as Group Head of Cargo, overseeing both the commercial and operational aspects of the Group's cargo business. He has been responsible for establishing the Air Operating Certificate of AirAsia Berhad, Thai AirAsia, Indonesia AirAsia and AirAsia X. Capt Chin has over 40 years of flying experience in the airline industry. He is a Licensed Airline Transport Pilot of multiple types of jet aircraft, has experience as a Training Captain and is also an Authorised Examiner.



tan enG enG

GROUP HEAD

INTERNAL AUDIT

Eng Eng is responsible for providing independent and objective assurance on the adequacy and effectiveness of the Group's overall system of internal controls, risk management and governance, reporting to the Audit Committee and to the Group CEO. She has 14 years of audit experience in various industries including financial institutions, manufacturing, automotive, construction and property, and broadcasting. Prior to joining AirAsia, she led the Astro Group Corporate Assurance's Regional Operations and Special Projects team from 2008 to 2012. Eng Eng has a BA in Economics (Hons) from the University of Malaya, and an MBA from the University of Strathclyde, UK. She is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Internal Auditors Malaysia (IIAM).



terri Chin

GROUP HEAD

QUALITY AND ASSURANCE

Terri is responsible for corporate quality, customer care, continuous improvement and assurance, in support of AirAsia's growth. The objective of the department she heads is to ensure the Company's internal processes are efficient, effective and adequately controlled. Terri also drives process re-engineering via the Continuous Improvement Programme by initiating and coordinating strategic projects. Upon joining AirAsia in 2004, she established and headed the Internal Audit department. Between 2008 and 2011, she was with Deutsche Post DHL in Germany overseeing audits in the Asia-Pacific, Middle East, Eastern Europe and Africa regions. She was also involved in implementing aviation audits across the group globally. Terri holds a BSc in Economics from the University of London, UK and an MBA in International Management from RMIT University, Australia. She is a Certified Information Systems Auditor, Certified Internal Auditor and Certified Fraud Examiner.



Captain SaiFuL Johar bin

DIRECTOR

SAFETY

abDuL LatiFF

Captain Saiful was appointed Director of Safety at AirAsia in December 2012, entrusted with improving safety awareness within the Company and ensuring that the Safety Management System (SMS) is integral to the work culture. He joined AirAsia in February 2002 as a First Officer on the Boeing 737 fleet and was promoted to Captain on the same fleet in August 2003. In 2006, he was appointed as Assistant Chief Pilot of Operations, before taking over as Chief Pilot of Operations in January 2007. He transferred to the Safety Department in August 2009 to take on the position of Chief Pilot for Flight Safety.

THE EXCELLENT TEAM

Senior Management

BENYAMIN BIN ISMAIL

Group Head
Investor Relations,
Corporate Development
and Implementation

MOHD AZIZ BIN LAIKAR

Head
Communications

FARHANA AHMAD FAISAL

Head
Flight Attendant

S. HAMID BIN MOHD YUSOF

Head
Ground Operations
- Ramp Services

JAGAN PERSATH

Group Head
Security



SENIOR MANAGEMENT



benyamin bin iSmaiL

GROUP HEAD

INVESTOR RELATIONS, CORPORATE DEVELOPMENT AND IMPLEMENTATION

Ben joined AirAsia in March 2010 as Head of Investor Relations in Malaysia. In 2014, his role expanded to Group Head of Investor Relations, Corporate Development and Implementation. Ben played a critical role in transforming AirAsia into one of the most attractive companies on Bursa Malaysia in terms of transparency, investor returns and Corporate Governance. His achievements have led to his being named the Best Investor Relations Professional four years in a row by Corporate Governance Asia Hong Kong. Prior to AirAsia, Ben spent eight years with CIMB Investment Bank, Maybank Investment Bank and Affin Investment Bank. He holds a Bachelor of Commerce (Banking & Finance) from Curtin University of Technology Perth, Australia and a Master's in Electronic Commerce from Edith Cowan University Perth, Australia.



mohD aZiZ bin Laikar

HEAD

COMMUNICATIONS

Aziz joined AirAsia in September 2011, and is responsible for planning and delivering AirAsia's media strategies and external communications. He brings with him 11 years of experience in the communication industry. His practice in public relations (PR) began with Naza Group of Companies before switching to Reputation Mercatus Malaysia. He has organised media sessions for high-profile individuals such as former United Nations Secretary-General Kofi Annan and Grameen Bank founder Professor Muhammad Yunus; and raised the profile of companies such as Red Bull Malaysia, Hard Rock Café Malaysia, Magna Prima Berhad and Bubba Gump Shrimp Co. In 2009, via Reputation Mercatus Malaysia, he was awarded Best Promotional Campaign of The Year at the Malaysia PR Awards. Aziz holds a degree in Mass Communications, majoring in Public Relations.



Farhana ahmaD F aiSaL

HEAD

FLIGHT ATTENDANT

Farhana was appointed as Head, Flight Attendant in January 2013. She joined AirAsia as a flight attendant in September 1997 and was promoted as a senior flight attendant in September 2002. She was appointed as a safety examiner in April 2003, following which she joined AirAsia Academy as an instructor in February 2005 and was later promoted as Head of In-Flight Training in March 2008. She re-joined the Flight Attendant Department as an Assistant Flight Attendant Manager in June 2010. Farhana has grown with AirAsia and is a classic example of what makes it great - somebody who gets things done, is very loyal and has tremendous passion for the job and the Company.



S. hamiD bin mohD yuSoF

HEAD

GROUND OPERATIONS - RAMP SERVICES

Hamid joined AirAsia as a Manager in the Ramp Department in 2008. In 2013, he assumed his current position as Head of Ground Operations - Ramp Services, responsible for the Group's ground handling services covering four hubs and 11 stations. It is he who ensures that AirAsia aircraft meet the 25-minute turnaround time. He is an ex-Royal Malaysian Air Force (RMAF) officer with 27 years of experience in air traffic control, secure communications systems and strategic planning. He left the Ministry of Defence in 2007 as a Staff Officer Grade 1 - Information Warfare, ICT Department. Hamid trained at the Royal Military College in Kuala Lumpur; acquired a Diploma in Strategic and Defence Studies from the University of Malaysia; and a Diploma in Joint & Combined Warfare from the National Defence University in Norfolk, USA.



JaGan perSath

GROUP HEAD

SECURITY

Jagan joined AirAsia in May 2007 and is today Group Head of Security, responsible for all aspects of corporate security and emergency response across all airlines within the AirAsia Group. This is achieved through sound corporate policy and standardisation of security practices, timely advice and effective security performance by the airline and its contractors. Prior to joining AirAsia, Jagan was with Malaysia Airlines Aviation Security from 1978 till 2006, responsible for operations, enforcement, compliance & standards, investigations, prosecutions, audits, station set-ups, and conducting security assessments on all routes. He is an ICAO Aviation Security Specialist and global subject matter expert on aviation security. Under his leadership, AirAsia has been licenced by the Department of Civil Aviation Malaysia to conduct AVSEC Courses. Jagan holds an LLB (Hons) from the UK and is a Barrister with Lincoln's Inn.



THAILAND



Senior Management



PATTRA BOOSARAWONGSE

Chief Financial Officer

M.L. BOVORNOVADEP DEVAKULA

Director of Business Development

CAPTAIN SURAPAN PATUMWAT

Director of Flight Operations

BANYAT HANSAHUL

Director of Engineering

SANTISUK KLONGCHAIYA

Director of Commercial

NATTHAWACH SIRIWONGSAL

Director of Ancillary Income

THILADEE PANTUMCHINDA

Director of People



INDONESIA



Senior Management

**SUNU
WIDYATMOKO**

Chief Financial
Officer

**CAPTAIN
RD. ACHMAD
SADIHIN**

Director of Safety
and Security

**ANDY ADRIAN
FEBRYANTO**

Director of
Commercial

**RIDZKI DEWANTO
KRAMADIBRATA**

Chief Operation
Officer

PERBOWADI

Director of
Maintenance
& Engineering

**CAPTAIN IMRON
FADIL SIREGAR**

Director of Flight
Operations





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Well done
AirAsia for
another
awesome
year!

DEDICATED IN PROVIDING
THE BEST GLOBAL
NETWORK FOR
THE WORLD'S

BEST
LOW COST AIRLINE



SINGAPORE





OPEN

Shaza Aminah Binti Mohd Shah's

AirAsia



SASSY



Shaza Aminah Binti Mohd Shah's

She may move gracefully on board, but flight attendant Shaza Aminah Binti Mohd Shah's talents as a traditional Malay dancer are not evident until she takes to the stage. Before she joined AirAsia in 2012, Shaza was a dancer with the Perak State Cultural Troupe for two years, during which time she performed on numerous occasions at official functions attended by state royalty and dignitaries.

THE TRADITIONAL

Malay
Dancer





Chairman's Statement



In 2013, we flew our 200 millionth guest – a phenomenal figure for an airline our age – mirroring our compounded annual growth rate (CAGR) in terms of guests carried of 81%. But there are more than 4.3 billion people in Asia whom we could potentially serve, so there is still huge potential to grow and make the travel dreams of all these people come true.

DATUK KAMARUDIN BIN MERANUN

Non-Independent Executive Chairman

Chairman's Statement



Assalamualaikum

Dear Friends

What do I say in my first statement as Executive Chairman of AirAsia Berhad (AirAsia)? What can I say to express how simply wonderful it has been to be part of the AirAsia family and see the airline Tony and I took over and relaunched 12 years ago grow from a two-carrier start-up in 2001 to what it is today – a full-fledged Asian airline with a fleet of 158 A320 aircraft flying 83 destinations in 17 countries? Words cannot describe how excited I am to be able to serve in my new capacity this pioneering low-cost carrier that's not only ahead of the pack in the region but is also acknowledged as the Best Low-Cost Carrier in the World, not once or twice, but five times in a row!

In all honesty, AirAsia as it is today is a dream come true. And my appointment as Chairman in November is truly an honour and privilege that I cherish.

AirAsia has achieved so much in the past 12 years – even more, I dare say, than Tony and I ever dreamt it would when we first started out. But having got to where we are today, we see much more that we can do – more routes we can establish for AirAsia; more associate airlines we can set up in other markets that are just yearning for low-cost flights; and more interconnections between the routes of all the different airlines within the Group as well as, possibly, with international partner airlines.

In 2013, we flew our 200 millionth guest – a phenomenal figure for an airline our age – mirroring our compounded annual growth rate (CAGR) in terms of guests carried of 81%. But there are more than 4.3 billion people in Asia whom we could potentially serve, so there is still huge potential to grow and make the travel dreams of all these people come true. For that is what we are – dream-makers for the millions of people in Asia who cannot afford to fly on full service carriers (FSCs) but want to be able to say, as in the song All Around The World, “Been around the world...”

Within our corner of the world, Asia, we are now the largest LCC and the fifth largest airline in terms of passengers carried. AirAsia has grown from strength to strength despite increased competition which is sometimes irrational, despite natural disasters and political upheavals affecting our markets, and despite fuel costs going up. Our recipe for success is an open secret: we've simply adhered very diligently to our business model, developed all those 12 years ago, but which is still relevant and keeps us sustainable.

In essence, this model is about staying true to our promise of enabling everyone to fly by keeping our costs down, a key strategy that AirAsia has never let out of our sight. We have not once wavered in our commitment towards maintaining lean operations; we have never been swayed to even consider going 'hybrid'. We believe there is an enormous market for LCCs in Asia, which has barely been tapped, and our performance in 2013 would prove this to be so.

FINANCIAL PERFORMANCE

During the financial year 2013, the Group as a whole – comprising Malaysia AirAsia (which I will refer to simply as AirAsia), Thai AirAsia, Indonesia AirAsia, and Philippines' AirAsia – continued to expand in terms of networks and capacity. At the same time, passenger loads also increased across the board, leading to enhanced revenue for the year of RM5.11 billion, which marked an impressive 3.4% increase from RM4.95 billion achieved in 2012. Unfortunately the impact of a stronger US Dollar against Asean currencies impacted our profit margins, leading to a dip in operating profit, which stood at RM1.01 billion.

Concerted efforts to trim our costs contributed significantly to our maintaining a healthy profit margin which, in turn, allows us once again to reward our highly valued shareholders with an added return on their investment. As announced in last year's annual report, the Board of Directors has institutionalised a policy to offer dividends of 20% of the Group's net operating profit annually. It gives me pleasure to say that, in line with this policy, we are recommending a dividend of 4 sen per ordinary share for our shareholders' approval at our upcoming annual general meeting (AGM).

MALAYSIA: THE HEART OF AIRASIA

Two years ago, a number of AirAsia's top management moved to Jakarta to get an Asean office going, as at the time there was a need for us to consolidate our plans and strategies for regional expansion. Today, however, our flagship company, AirAsia, has got to such a size and is, we believe, at a critical juncture in its development that most of the regional team are playing dual roles – looking after both Asean as well as contributing towards further growth of Malaysia.

There is much taking place in Malaysia. The country is developing very fast economically. Malaysians are earning higher incomes, and spending as well as travelling more. At the same time, foreigners are attracted to our many natural attractions and tourism continues to flourish. The tourism sector is expected to earn RM76 billion in revenue in 2014, contributing 12.5% to the country's gross domestic product (GDP), up from 12.0% in 2013. At the heart of tourism is



Most of all, I would like to express a deep-felt appreciation to our stellar cast of Allstars for sharing our AirAsia dream, and for their commitment and passion in making this dream come true.



the aviation industry, with AirAsia occupying central space. In 2012 – the latest figures available – AirAsia accounted for 54% of total tourist arrivals by air, and contributed directly to 1% of the country's gross domestic product (GDP).

Given the large role AirAsia plays in Malaysia, and that Malaysia plays in the AirAsia Group, we felt it was important for some of the pioneers of the Company to return. The fact that aviation is a highly regulated industry, moreover, necessitates more dedicated regulatory functions. My role now, as Executive Chairman, will enable me to support our CEO, Aireen, to manage some of these functions which have taken on even greater significance as the Company enters the second major phase of its journey.

GROUP EXPANSION REGIONALLY

A key highlight of the year for the Group was progress made in setting up our Indian operations. On 4 April we received approval from the Foreign Investment Promotion Board (FIPB) of India to form AirAsia India as a tripartite joint venture with Tata Sons Limited and Mr Arun Bathia of Telestra Tradeplace Pvt Ltd, with AirAsia holding 49% equity in the new associate. Since then, various routine inspections and procedures have been carried out by the Directorate General of Civil Aviation India and we expect the air operator's permit to be awarded any time soon. India is a huge market – a subcontinent upon itself – and we are very excited about being able to set up here.

In the Philippines, 2013 was a turning point with the acquisition of Zest Air (now AirAsia Zest), and with Philippines' AirAsia demonstrating its commitment to the country by truly 'being there' for the people and nation following Typhoon Haiyan. Our associate not only channelled US\$1.04 million in public donations towards relief work but also assigned carriers to fly relief workers as well as families of victims who wanted to search for missing members. In addition, AirAsia matched the public's donation and, with US\$0.9 million from other donors, contributed US\$2.17 million to help rebuild the lives and homes of the thousands of people who were displaced and dispossessed. The actions of AirAsia and our associates have brought us much closer to the people and, I believe, will go a long way towards carving a bright future for the airline in this country.

In both Thailand and Indonesia, our more established associates are making very good progress, opening new hubs and further extending their networks both domestically and regionally. Thai AirAsia is already the largest domestic LCC in Thailand and is now focusing on more international routes, especially China which, with the world's largest population, also has a fast-growing number of international travellers. Conversely, Indonesia AirAsia has established itself as the largest international airline in Indonesia, and is now balancing its network with more domestic routes. Strategically, our associate here is strengthening its agency force because as much as 45% of its business comes from agents – a perfect example of the localisation of strategies to suit individual markets.

Unfortunately, we had little choice but to terminate our operation in Japan because of differences in opinion between AirAsia and our former partner, All Nippon Airways (ANA), as to the direction and management of the airline. Despite this setback, we remain confident of the Japanese market and would like to be able to return here again in future.

2013 was also a fantastic year for our long-haul arm, AirAsia X, which underwent

a successful initial public offering (IPO) and has placed the largest single order of the A330 aircraft with Airbus, valued at US\$6 billion. This brings its total order book with Airbus to 57 aircraft to be delivered between 2014 and 2019, providing capacity for further expansion in its key markets – Australia and North Asia.

OUTLOOK

AirAsia has become not only one of Malaysia's, but one of Asia's, success stories. We have weathered many storms but only become stronger as a result. We have 334 aircraft in our order books, to be delivered from now until 2026. All our major investments for the foreseeable near future have been made and we are now poised to take the Group to greater heights by creating a more dense network within Asia while also looking into the possibility of developing cross-connections with other airlines to open up our routes into the wider international space.

By the time this annual report comes out, we will have relocated our Malaysia operations from the Low-Cost Carrier Terminal in Sepang to the new KLIA2, which will afford us the space and infrastructure to offer better and more exciting service. There is a whole multitude of plans to further grow our products and services to increase our ancillary revenue. At the same time, our sister company AirAsia X has just opened a new hub in Thailand which will be followed by a third hub in Indonesia later this year. We expect India to take off this year and our operations in the Philippines to consolidate after a year of route rationalisation post-merger in 2013.

In other words, the Group is soaring into 2014 and is set to make the most of Asean Open Skies when this is implemented in 2015, further liberalising air travel across borders. And there are many people to thank for where we are today.

First and foremost I would like to acknowledge the immense contributions of my predecessor, Dato' Abdel Aziz, who was Chairman of the Board for five years from June 2008. As a member of the pioneering team at AirAsia, he has contributed immensely to the Group and will continue to do so as a Non-Executive Director. I would also like to thank all my other colleagues on the Board for their ever-wise counsel which has served to guide this maverick airline that has taken Asia by storm. A special acknowledgement goes out to Aireen, who had Tony's big shoes to fill when she took over at the helm of AirAsia in mid-2012, and has proven that even with dainty feet it is possible to make great strides in this highly-charged, competitive industry. To all our stakeholders, too many to mention, thank you for all your support. Most of all, I would like to express a deep-felt appreciation to our stellar cast of Allstars for sharing our AirAsia dream, and for their commitment and passion in making this dream come true.

And, as to the millions of our loyal guests, let me say that everything we have achieved has been made possible because of your support. I would, thereafter like to dedicate all our successes, all our accolades, to you.

To everyone, from my heart, thank you and *wassalam!*



//////
**BUILDING
ON A
GREAT
MODEL**
//////

Our financial performance in a year of depressed margins within the aviation sector has been exceptionally strong, reflecting our dogged perseverance to stay true to our low-cost model.



CEO'S



REPORT

In 2013, I completed my first full year as CEO of AirAsia Berhad (AirAsia), and what a year it has been! Competition within the low-cost carrier (LCC) sector has heated up with some of the other players offering untenably low fares, pushing margins down even more within a background of high fuel prices. It's been a rollercoaster ride of highs and lows, with many adrenaline-pumping moments. But, as with all rollercoaster rides, it has also been a thrilling experience and one I would have given anything not to miss!



Aireen Omar

Chief Executive Officer and Executive Director

Because, in the midst of the thrills and spills, we managed to stick to our business model to deliver to our stakeholders. Yes, for a while, the irrational competition forced us to further reduce our fares, which had an impact on our overall operating profit. However, steadfast focus on costs and various strategies to increase our ancillary income made up for some of this loss, leading to only a 2% decrease in operating profit from the previous year. If anything, we have emerged from a year of much turbulence even stronger and more ready to take on challenges than ever before.

I would like to say, also, that the Malaysian operation has benefitted tremendously with the return of our Group CEO, Tan Sri Dr. Tony Fernandes, as well as Deputy Group CEO Datuk Kamarudin bin Meranun in executive positions. With their support of the management team, there has been heightened focus on key roles and responsibilities, increasing our operational efficiencies. This has led to a much leaner, fitter and more effective organisation that is truly a force to be reckoned with.

Leveraging on our strong fundamentals, we have seen the Malaysian operations grow in all key parameters. Our fleet of A320 aircraft currently stands at 72, allowing us to further expand our network which now comprises 91 routes covering 59 destinations in 15 countries.

The total number of guests carried by Malaysia AirAsia made another quantum leap – from 19.7 million in 2012 to 21.9 million – while, more significantly, our passenger load remained at a high level of 80% in 2013. AirAsia as a Group remains the fifth largest airline in Asia in terms of passengers, which is something we are extremely proud of. Even better, we have achieved all of this at little cost to our guests, allowing us to stay true to our pledge ‘Now everyone can fly’. We have not just remained the lowest cost airline in the world, but actually became even more affordable as our cost per available seat kilometre (CASK) dropped by an impressive 6% from 13.8 sen in 2012 to 13.0 sen in 2013.

While continuing to provide our valued guests with attractive fares, moreover, we have not compromised on quality. The year saw us continue to roll out even more services that add to an already extensive list of innovative offerings, reinforcing our position as a firm favourite among travellers all over the world. In 2013, we achieved a veritable milestone by being named as the World’s Best Low-Cost Airline by Skytrax for the fifth consecutive year. AirAsia has over the years amassed a huge collection of awards and accolades, which take all of four pages to highlight in this annual report. But of all the recognition received, the Skytrax award means a lot to us because it is based on feedback from millions of passengers compiled over 10 months and covering over 200 airlines. It therefore truly represents the voice of travellers and in particular what they think of us. And that, to AirAsia, is what matters the most.

FINANCIAL PERFORMANCE

Our financial performance for Malaysia in a year of depressed margins within the aviation sector has been exceptionally strong, reflecting our dogged perseverance to stay true to our low-cost model. Along with growth in our fleet and 11% increase in number of guests flown, our revenue grew 3% from RM4.95 billion in 2012 to RM5.11 billion. At the same time, concerted efforts to increase our operational efficiencies and reduce unnecessary costs led to an operating profit above the billion Ringgit mark, at RM1.01 billion, which represents a minimal 2% reduction from the previous year.

Our reduced CASK allowed us to maintain a high level of operating profit margin of 20% which, I’m pleased to note, is one of the highest in the industry. As a direct consequence of competition, our average fare dropped by 10% during the year leading to a 7% decrease in revenue per available seat kilometre (RASK) to 16.2 sen. However, as the market begins to stabilise and become more ‘rational’ we expect this figure to increase.

Given our performance, and based on our policy of paying out 20% of our annual net operating profit as dividends, we are recommending a dividend of 4 sen for the financial year 2013. This will be put forward to our shareholders for their approval at the AGM to be held on 4 June 2014.

AIRASIA – TRULY MALAYSIA

On 5 January, AirAsia unveiled a 1Malaysia liveried aircraft in a symbolic gesture of how we believe in the ideals of 1Malaysia as well as how, by serving the most domestic routes, we are in fact contributing to national unity. We now have 35 domestic routes accounting for no less than 49% of domestic air travel, bringing Malaysians from along the length and breadth of the country – including East Malaysia – closer together. Our contributions to the country do not stop there. The Group contributes significantly in terms of tourist arrivals, boosting tourism figures hence also tourism revenue.

Financially, AirAsia’s revenue contributed to 1% of the country’s gross domestic product (GDP) in 2012 – the latest figures available. Within Malaysia (including AirAsia X), also in 2012, we dispensed with a total of about RM580 million in wages and contributions to our more than 6,800 Allstars. These figures increase every year as our operations expand and we take on board new hires. Based on our own projections, we expect to create about 7,400 new jobs between 2014 and 2023, of which 2,400 will be high-skilled.

In other words, our phenomenal growth over the years has been beneficial to the country too, and is more critical to the nation now than ever before as the Government seeks to pole-vault the economy into high-income status. Not only are we contributing significantly to the country’s rapid economic development, we are also helping to create the kind of highly skilled jobs that will value-add to national productivity and efficiency, while enhancing the people’s standard of living.

PLAYING THE COST REDUCTION GAME

A significant highlight of the year has been further reducing our CASK, which was already one of the lowest in the world. This has been achieved by enhancing various processes implemented over the course of the last 12 years, and by a focused programme introduced in 2012, which aims specifically to save the Group US\$20 million in five years. This is the Cost Out Avoidance (COA) Programme, which we have been working on in collaboration with GE Aviation.

The programme targets both ground and flight-related operations. On the ground, we have continued to invest in the latest technologies to increase operational efficiencies as well as efficiencies in terms of our guest service delivery. Operationally, the year saw us begin the migration of our airline management system to merlot.aero, which has been described as being ‘revolutionary’ for the way in which it integrates key operational departments such as airport operations, fleet control, flight dispatch and crew scheduling onto one platform. In real terms, this means optimising our crew and aircraft utilisation to further enhance our on-time performance.

During the year, we also became the first airline in Malaysia to offer the baggage self-tagging service. This not only adds to our guests’ convenience, but also saves us costs by being able to reduce our human resources requirements. Self-tagging kiosks are currently available at the Low-Cost Carrier Terminal (LCCT) in Sepang for all AirAsia and AirAsia X flights, and will be rolled out at all the other airports where we operate in the near future.



INDIAN OCEAN

The most effective way of reducing flight-related costs is by better managing our fuel consumption. In this regard, we have since 2012 been acquiring aircraft with aerodynamic Sharklet wingtips which enable us to save up to 4% on fuel per aircraft per annum. Since 2013, all aircraft coming in are equipped with Sharklet wingtips; and 334 more such aircraft are to be delivered by 2026. As a further enhancement to fuel efficiency, we will be switching to an even more advanced Airbus model from 2016 onwards, when the A320 neo aircraft are launched. These promise additional 12% fuel cost savings per aircraft a year.

Meanwhile, we are the first airline in Malaysia to receive the green light from the Department of Civil Aviation (DCA) to fly Required Navigation Performance Authorisation Required approach (RNP-AR APCH) flight paths in the country. This is the direct result of collaboration with GE Aviation and DCA on a nationwide flight path programme. To date, GE Aviation's Flight Efficiency Services group has delivered procedures for flights landing at eight airports in the country and will be launching the procedures for seven more airports in due course. Currently, the DCA's approval is for flights into Penang, which saves us nearly 12 nautical miles per approach. Once the flight paths are in place at all 15 airports targeted, we could save up to RM1 million a year from reduced fuel costs. This represents a significant saving for us and places AirAsia at the cutting edge of aviation innovation in the region.

ANCILLARY & ADJACENCY INCOME

While fuel efficiency will take us a long way towards achieving a sustainably low cost structure, AirAsia has developed a strategic foil to the vagaries of fuel prices and hence fuel costs. In fact, our approach is two-pronged and comes in the shape of our ancillary and adjacency businesses.

Ancillary income is derived from add-ons that enhance our guests' convenience and that make flying with us all the more memorable. They include services such as Pick A Seat, Red Carpet, inflight meals, pre-checked in baggage and Fly-Thru. The last enables guests who are flying connecting routes on airlines within the AirAsia Group to be able to check-in to their final destination at their port of embarkation. During the year, we extended the Fly-Thru service from Kolkata and Tiruchirappalli to Singapore. We also came out with some cheeky ads and effective marketing campaigns that, coupled with new in-flight products, boosted our ancillary income significantly. While this is encouraging, we believe there is yet much more potential to further grow our ancillary business and are already focusing more intently on enhancing this revenue stream.

Our adjacency businesses represent joint ventures in which AirAsia has teamed up with world leaders to create synergies that benefit both parties.

AirAsia Expedia, our joint venture (JV) with Expedia, the world's largest online travel agent, has had a tremendous year offering amazing products and packages in each of the 11 markets served, namely Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam. The result was 46% growth in transactions to 1.9 million which, in turn, led to a more than 30% increase in revenue. Even better, our young JV made its first ever annual profit.

Our BIG loyalty programme has also made positive progress during the year, with a doubling of membership, expansion in financial and retail partners across the region and effective marketing to increase general awareness of the programme and its benefits. A strategic partnership between Think Big Digital - the company that manages BIG - and Aimia Inc, a Canada-based leader in loyalty management, promises to take our loyalty programme to a whole new level.

Our training arm, the Asian Aviation Centre of Excellence (AACE), underwent a massive rebranding which was completed early in the year, and the team is pulling out all the stops to ensure it lives up to its name. There is much focus on broadening the range of training offered and to attract a higher number of third-party participants in the technical and soft skills programmes. AACE earned RM88.9 million in revenue and, even more impressively, RM27.1 million in operating profit - and is a fine example of how AirAsia has managed to turn what was previously a cost centre, providing in-house training, into a steadily growing revenue earner.

ROUTE EXPANSION

During the year, we reinforced our connections with three important markets for us – China, India and Indonesia. China and India are the two most populous countries in the world, while Indonesia is the most populous country in Asean. In addition to their huge populations, all three nations are growing rapidly, with economic development creating larger middle classes with greater disposable incomes inspired by the desire to travel. We are ensuring that they can do just that, by connecting the dots at least within Asia.

In 2013, we created a new route from Kota Kinabalu, Sabah to Hangzhou, China, which took off with an 85% flight load. We also increased the frequencies of several routes connecting our hubs in Malaysia to various destinations in Indonesia and India, which are serving to strengthen business and tourism links between Malaysia and these two countries.

Flight frequencies from Kuala Lumpur to Kolkata were increased from three times a week to daily; and from Kuala Lumpur to Tiruchirappali (Trichy) from 11 times a week to twice daily initially, and three months later to three times daily. Enhancing our Indonesian connectivity, we increased the number of flights from Kuala Lumpur to both Lombok and Banda Aceh from four times a week to daily.

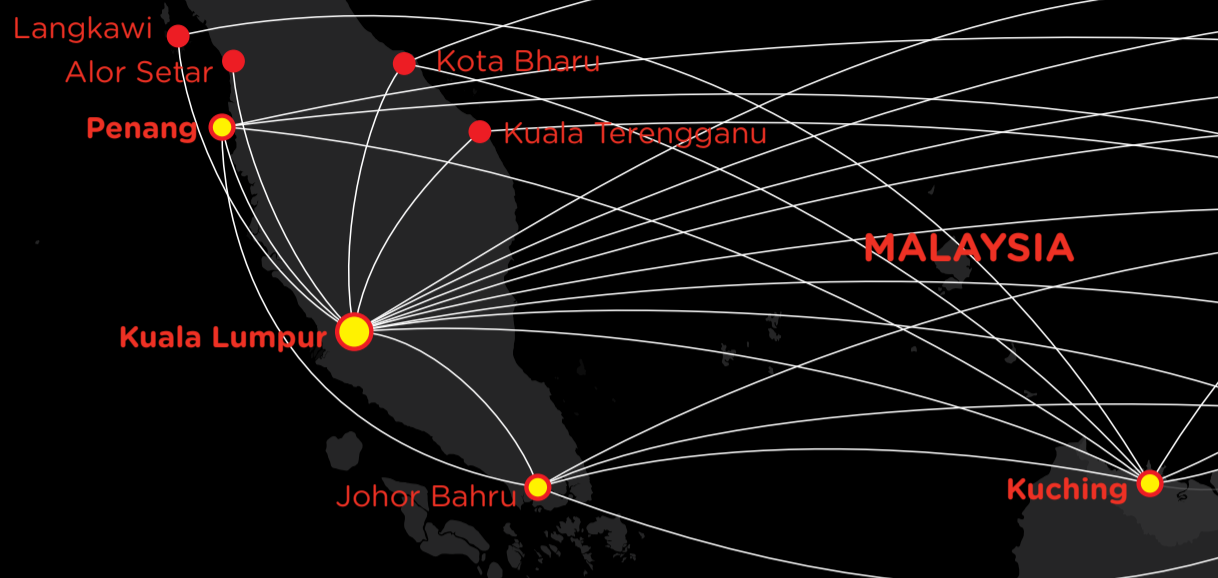
Within Malaysia itself we introduced the first direct connection between East Malaysia with the East Coast in the peninsula by launching the Kota Kinabalu-Kota Bahru route. We also doubled the frequency of the Kuching-Bintulu route to twice daily, while increasing the frequencies of Kota Kinabalu-Tawau and Kota Kinabalu-Johor Bahru routes.

Before AirAsia was launched in late 2001, there were only 894 flights per month to Sabah and Sarawak from Peninsular Malaysia. Fast forward to 2014, we now connect East Malaysia to the peninsula with more than 1,700 flights a month, and offer the best connectivity within East Malaysia with more than 420 flights per month.

A MORE ENGAGING AIRLINE

Just as we are expanding and deepening our route network, enabling more guests to connect with friends, family and work associates through air travel, we ourselves are reinforcing our relationships with stakeholders via strengthened communication channels.

Having already established ourselves within the investing community, last year we took our investor relations (IR) to a new level with a number of compelling initiatives. We launched the AirAsia IR Twitter at https://twitter.com/AirAsia_IR to provide investors and analysts with instant company updates, investor roadshow updates, quarterly and annual financial results as well as operating statistics. We also worked behind the scenes on an innovative and interactive AirAsia IR App, that will enable analysts and investors to download everything that is on our IR microsite on the AirAsia corporate website onto smart mobile devices. This will be unveiled at our upcoming AGM, which means that you may actually be reading this annual report from this app!



AIRASIA MALAYSIA DOMESTIC ROUTES

To afford analysts a better understanding of the aviation industry, and especially its manufacturing aspects, we recently organised a trip for them to the A320 Final Assembly Line in Tianjin, China – which served both as an educational experience as well as a relationship-building exercise. Prior to this, we had organised a visit to the Airbus factory in Toulouse, France, in conjunction with the delivery of our first A320 Sharklet aircraft in December 2012. Efforts such as these are well appreciated, and contributed to AirAsia winning the Best Investor Relations Company for Malaysia, Best CEO for Malaysia and Best Investor Relations Professional for Malaysia at the Asian Excellence Recognition Awards 2013 by Corporate Governance Asia. This is the third year in a row that we have won these three coveted awards, which truly speaks volumes of the value of our IR initiatives and engagement.

Our social engagement is not limited to investors. As a people's airline, AirAsia is committed to connecting with all our stakeholders. One of the most effective ways of doing this, of course, is via the social media, a platform we have been using extensively since 2008. Our Facebook is one of the most active among all corporations in Malaysia and received 2 million 'Likes' last year, an achievement that we celebrated with a free seats promotion just for our fans. Gestures such as this demonstrate to our fans and followers how much we appreciate them which, in turn, makes us even more liked.

In yet another innovative initiative, we have put together some useful and interesting tips on various destinations within the AirAsia network in a series of online travel guides which can be

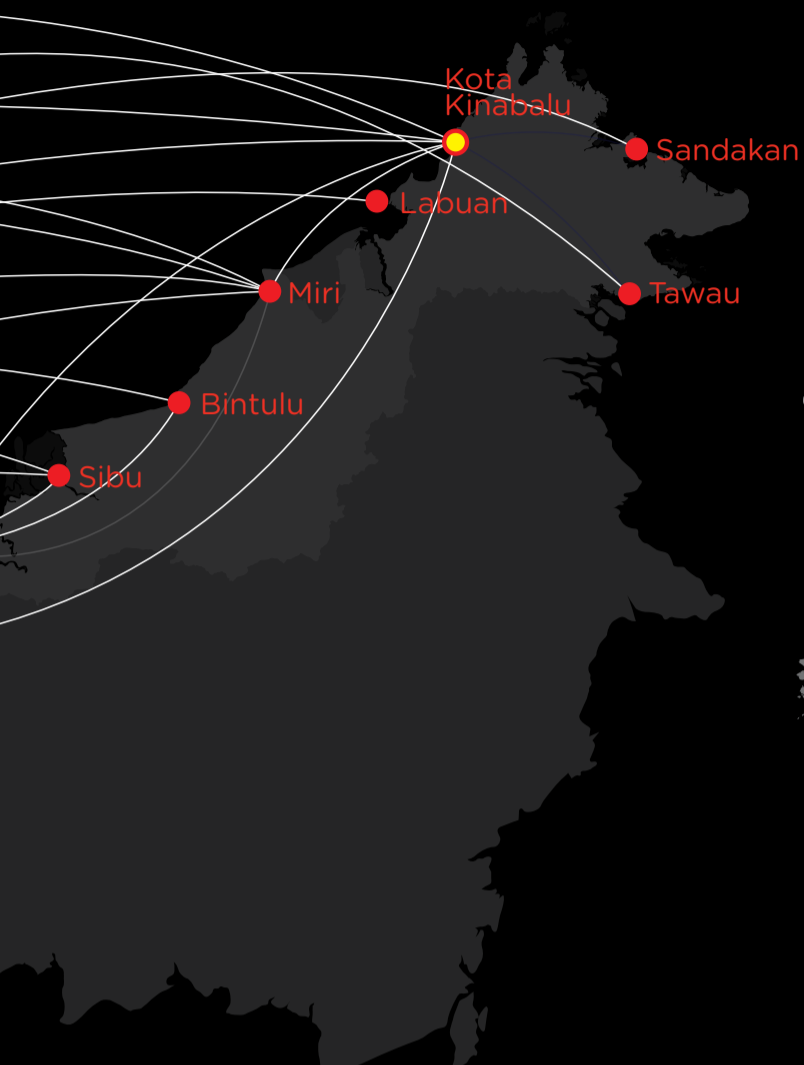
downloaded for free. To date, these cover a number of countries/regions – including Malaysia, Thailand, Indonesia, the Philippines, Borneo, China and Indochina – in addition to one thematic guide on Islands & Beaches. What makes the booklets extra interesting is they contain links that enable readers to book flights straight away. To give you a taste of this, we have included a concise pull-out travel guide, "AirAsia's Hit List" especially for our 2013 Annual Report readers.

OUTLOOK

The year 2013 has been anything but a smooth ride, and from early indications it would appear that at least some of the challenges that we faced are here to stay. Yet, AirAsia thrives on challenges; they bring out the best in us and drive us to greater heights. Hence we look forward very much to the year 2014 and beyond.

Although competition in the aviation industry will continue to intensify, even in the LCC sector which until quite recently was sparsely populated, we remain supremely confident of maintaining our leadership. We are pioneers within this demanding niche and thus enjoy all the first-mover advantages: AirAsia boasts the largest fleet of young carriers; the most extensive network which we can cross-pollinate with the networks of our associates; a proven low-cost model that has withstood the vicissitudes of competition and fuel price movements and that has given us the

MALAYSIA AIRASIA



21.9 MIL
PASSENGERS CARRIED



80%
LOAD FACTOR



TOTAL FLEET
72 A320



59 DESTINATIONS
15 COUNTRIES
91 ROUTES

- 5 HUBS • 40 UNIQUE ROUTES
- 2 NEW ROUTES INTRODUCED IN 2013

6,000
ALLSTARS



distinction of being the lowest cost airline in the world; supplementary revenue streams from our ancillary and adjacency businesses... the list goes on.

But another very strong factor that is unique to AirAsia, and which will ensure we continue to soar, is our amazing team of Allstars. Driven by passion and inspired by the spirit of innovation, our Allstars truly make us the special organisation that we are, pioneering change and making possible what many deem impossible. With our Allstars, we are confident of further driving down costs while enhancing our revenue to make AirAsia an unstoppable success story.

A number of initiatives are already in the pipeline towards cost reduction, which include creating shared services across the Group for various support processes; and further enhancing the use of IT to offer more automated self-service functions at our terminals. We have also mapped a clear trajectory to increase our revenue through both ancillary income as well as ticket sales.

There is much potential to create more targeted ancillary products and services, such as premium products for the business traveller. Similarly, a number of existing services could easily be ramped up to be more attractive and effective. As an example, we are looking at creating a veritable duty free emporium in the sky, with an extensive inventory coupled with attractive price tags. We

are also looking at ways to enhance our menu offerings, and to add a selection of 'gourmet' items such as freshly brewed coffee and health foods to our popular staples such as Pak Nasser's nasi lemak.

To increase our passenger load, we will be leveraging on a unique strength of AirAsia, namely our Group network of AirAsia X and other associates, to create more extensive connections between all the destinations served by the entire Group via cross-connecting flights.

In other words, we have our future well mapped out. Looking at the bigger picture, however, we see the possibility of a brighter future for Malaysia more generally as an international LCC hub. As it is, AirAsia delivered 40% of the total passenger movement at Malaysia Airport Holdings Berhad (MAHB) in 2013, and are acknowledged to have been the main contributor to passenger growth at Senai International Airport in Johor. With our growth rate, we are in an excellent position to work with our partner airport operators to attract even greater LCC traffic to KLIA2 and Senai for the benefit not only of the LCC airlines served but also the airports. Increased air traffic would lead to increased passenger movement, more services purchased, hence greater airport income.

What's more, there is no time better than the present to create the required infrastructure at our airports, and especially at KLIA2 which, being

new, can easily accommodate any changes that are necessary. We therefore look forward very much to working more closely with our airport operators in this regard, the way other principal airlines have done with successful airports around the world.

Before signing off, I would like to thank all our stakeholders for sharing the AirAsia dream with us. I would also like to express my gratitude, once again, to the founders of AirAsia, Tan Sri Tony and Datuk Kamarudin, for entrusting me with managing their 'baby'; and for always being there to support AirAsia Berhad whenever the need has arisen. Equally, I would like to thank all our other Board members for their wise counsel and steady leadership. But most of all I would like to say a heartfelt *terima kasih* to the wonderful team of 6,000 Allstars at our Redfort in Sepang. You have made AirAsia what we are today - a soaring regional success. With your continued support, we are ready for any metaphorical battle!

Air Asia

EXCITEMENT





OPEN

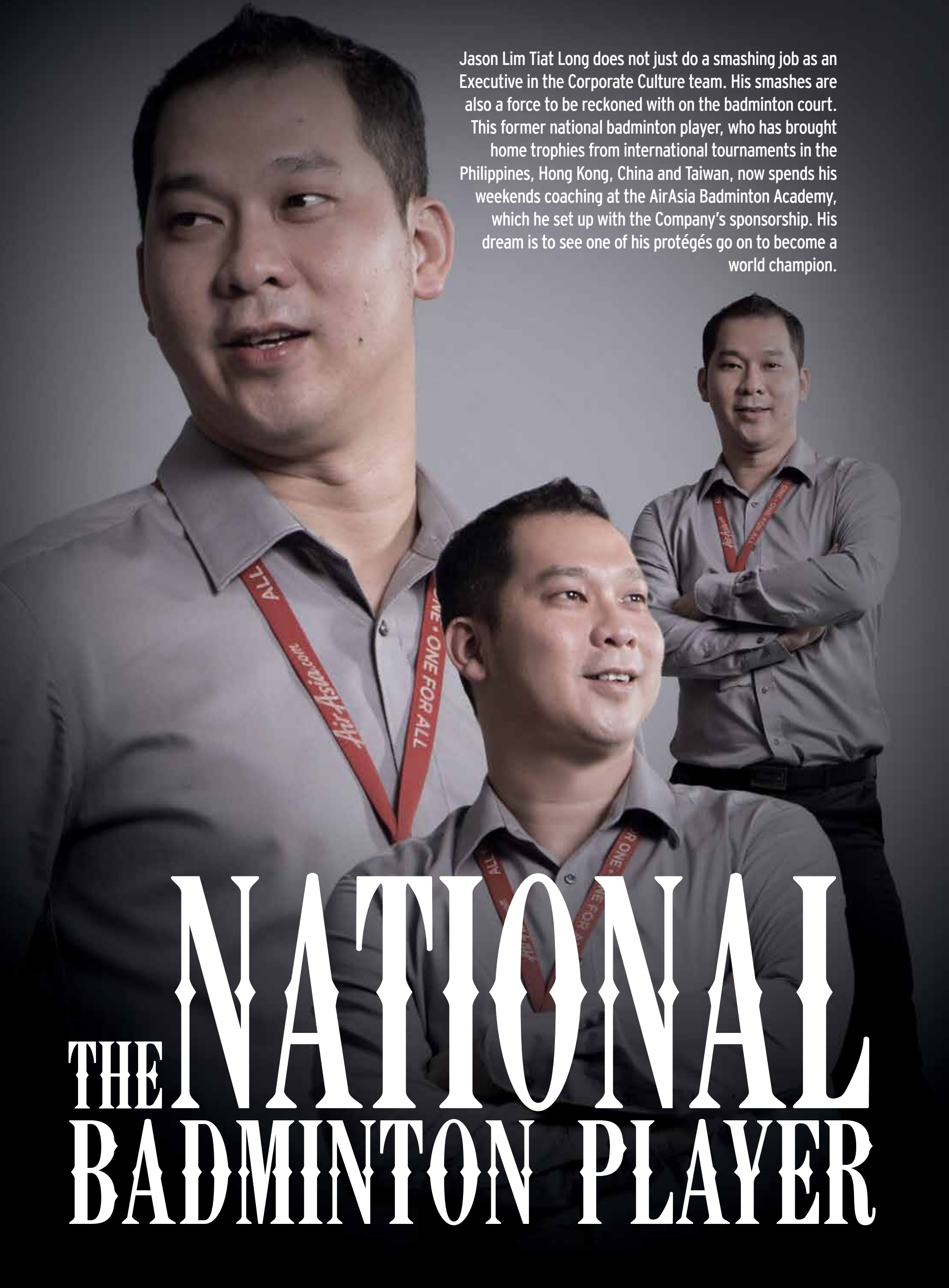
Jason Lim Tiat Long



EXCITEMENT



Jason Lim Tiat Long



Jason Lim Tiat Long does not just do a smashing job as an Executive in the Corporate Culture team. His smashes are also a force to be reckoned with on the badminton court. This former national badminton player, who has brought home trophies from international tournaments in the Philippines, Hong Kong, China and Taiwan, now spends his weekends coaching at the AirAsia Badminton Academy, which he set up with the Company's sponsorship. His dream is to see one of his protégés go on to become a world champion.

THE NATIONAL BADMINTON PLAYER

Thai AirAsia: เอาชนะอุปสรรคทั้งหมด – Beating the odds



A third hub. Six new routes. Eight new aircraft. An increased load factor; and a much improved on-time performance from an already impressive baseline. The year 2013 was in no uncertain terms excellent for Thai AirAsia, which celebrated its first full year as a listed company. Perhaps most significantly for the airline that strives – as the rest of the AirAsia Group does – to enable more people to fly, it did not just meet its target of carrying 10 million guests during the year but surpassed this milestone figure to reach 10.5 million, marking a 26.5% increase from 2012.

THAI AIRASIA

The airline's successes were all the more outstanding given the country's political backdrop. Undercurrents that had been fomenting dissent finally erupted in anti-government demonstrations in November, causing various ministries and government agencies to shut down.



The intricate and heavy costumes worn by the Khon performers.



Loi Krathong in November - flying lanterns (Khom Loy) are released into the skies

Key to Thai AirAsia's remarkable performance has been effective strategies and the dedication of its Allstars to implement these. As part of ongoing expansion plans, the airline has been increasing the frequency of popular routes while launching carefully selected new destinations. In recent years, along with China's emergence as an economic powerhouse, and growing wanderlust among its citizens - China accounting for 97 million outbound tourists in 2013, a number that is expected to reach 200 million by 2020 - our associate has been creating more inroads into this lucrative market. During the year, frequencies of the Bangkok to Wuhan and Chongqing routes were increased while Kunming, the scenic hub of Yunnan province in south-west China, was launched as a new destination from Thailand's capital.

As a further means to expand its route network, Thai AirAsia has been seeking to increase the number of its bases. Chiang Mai was thus re-opened as its third hub, a move that's been validated by the surge in tourist arrivals here, leading to the airport authorities planning a much-needed expansion. Interestingly, a large number of international visitors descending on Thailand's northern cultural and artisanal enclave of late are from China, eager to visit the location where blockbuster *Lost in Thailand* was filmed. The Chiang Mai hub, of course, also creates a fantastic north-south axis for Thai AirAsia, complementing hubs in the middle (Bangkok) and south (Phuket) of the country, allowing the airline to reach more destinations in Asean, China and beyond.

Leveraging on its new hub, Thai AirAsia launched new routes from Chiang Mai to Krabi and to Hong Kong. Two other connections were introduced to increase Thai AirAsia's presence within the region, namely routes from Krabi to Singapore and Bangkok to Siem Reap.

As a result of its network extension and enhanced frequencies for certain flights, Thai AirAsia is growing its presence within the international space. Almost 40% of all guests carried during the year were on international flights, and 24 out of 43 routes that the airline now serves links Thailand to neighbouring countries. Naturally, this has contributed towards tourism, a major revenue earner for the country, which has been growing steadily over the years. According to the Tourism Authority of Thailand (TAT), tourist arrivals in 2013 increased by 19.6% to 26.7 million visitors, exceeding its target of 26.1 million and representing a marked increase from the 22.4 million international tourist arrivals in 2012.



© Tourism Authority of Thailand

36 DESTINATIONS
11 COUNTRIES



44 ROUTES



- 3 HUBS • 7 UNIQUE ROUTES
- 7 NEW ROUTES INTRODUCED IN 2013



3,400
ALLSTARS



TOTAL FLEET
37 A320

83%

LOAD FACTOR



10.5MIL
PASSENGERS CARRIED



AIRASIA HUBS IN THAILAND

- Bangkok
- Phuket
- Chiang Mai
- International Route
- Domestic Route



While establishing itself as an Asean airline, Thai AirAsia has not been neglecting local needs. During the year, it further cemented its No. 1 position as the top domestic low-cost carrier (LCC) in the country by introducing routes linking Bangkok with Khon Kaen, the commercial, administrative and educational centre of Thailand's northeast; and Phitsanulok, one of the oldest cities in Thailand, located on its northern border with Laos.

As it grows its regional and domestic networks, Thai AirAsia is opening up greater connectivity options to its guests, allowing them to choose more destinations by transferring from one route to another. To ensure its guests make the most of this opportunity, Thai AirAsia is making cross-overs as seamless and convenient as possible via the Fly-Thru service. Launched in 2013, the service currently allows guests to connect directly from Don Mueang Airport to destinations such as Chiang Mai, Phuket and Krabi; in due course, the facility will be extended to cover more flight connections.

Thai AirAsia's network expansion has necessitated a concomitant increase in its fleet size. Meeting its needs, during the year the airline received eight new carriers from Airbus,

including its first energy-efficient Sharklet wing-tipped A320 in February. Its total fleet now stands at 35 aircraft, up from 27 as at end 2012, and contributing to a 23.4% increase in available seat kilometre (ASK) from 10,499 million in 2012 to 12,951 million in 2013. Despite this increase, strategic route planning and effective marketing meant there was no let-up in terms of passenger load, which inched up from 82% to 83%.

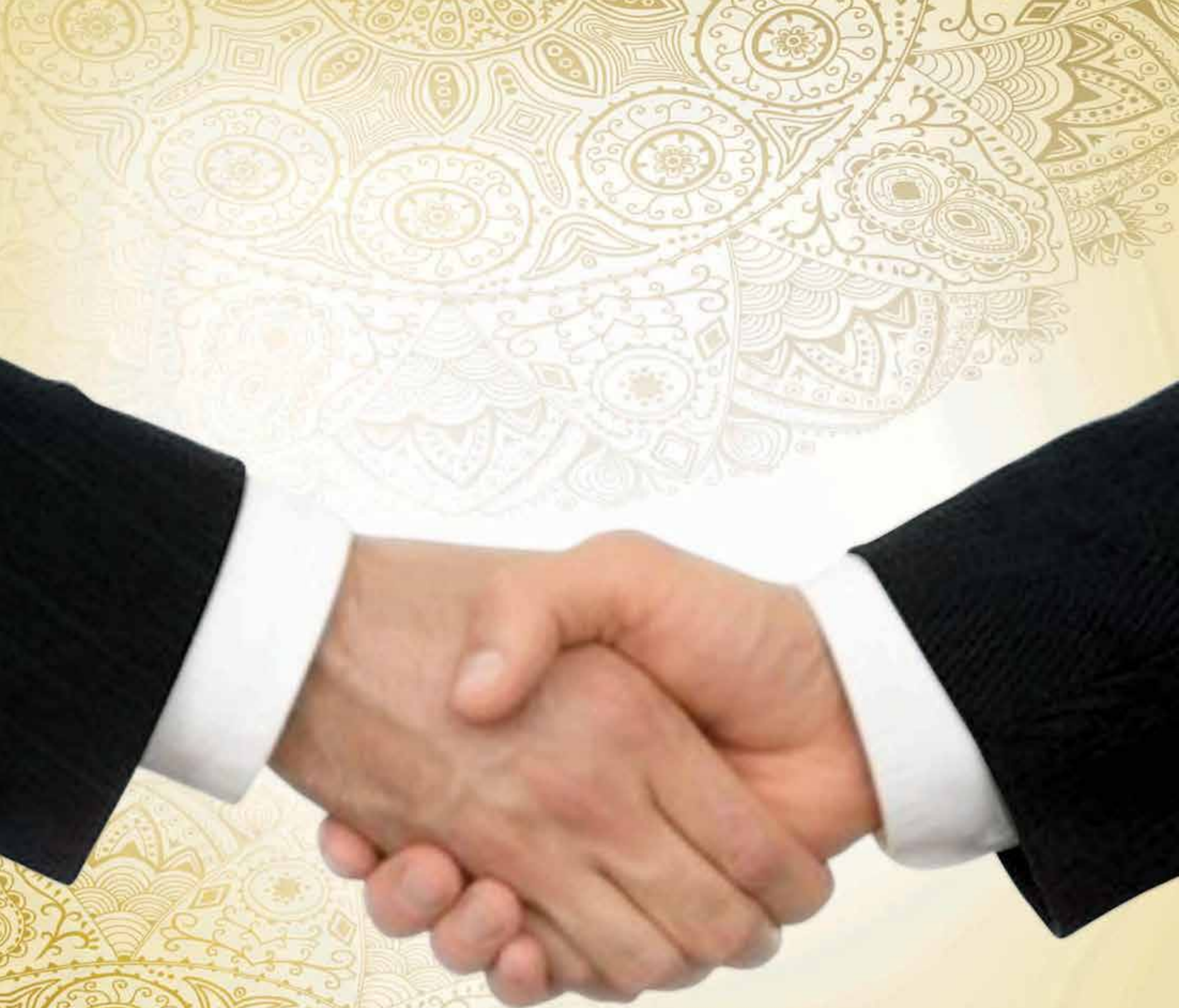
Operationally, the airline managed to further improve its aircraft utilisation from an already very high 11.5 hours per day to 11.7 hours per day while significantly enhancing its on-time performance from 83% to 92%. The latter led to Thai AirAsia receiving an award from FlightStats Inc, a leader in global flight and airport information services, for the best on-time performance among LCCs globally.

Its operational excellence, coupled with strategic marketing and a keen focus on ancillary revenue, which grew from Baht 2,941 million in 2012 to Baht 3,759 million, resulted in a significant improvement in the company's financial performance for the year. Both Thai AirAsia's revenue and profit surged by 21% - revenue increasing from Baht 19,349 million in 2012 to Baht 23,485 million and profit from Baht 1,611

million to Baht 1,948 million, despite a 20% rise in operating costs.

Having grown from strength to strength over the years and fortified its fundamentals, the future is looking very bright for Thai AirAsia. Despite the entry of competition in the LCC space, the airline remains confident of continuing on its steady upward trajectory given its first mover status and size, which will continue to increase. Thai AirAsia is slated to acquire between six and eight A320-300 aircraft a year for the next few years to meet its growth targets.

Thailand's Ministry of Tourism estimates that the country will receive 30.3 million foreign tourists in 2014, up 13.3% from 2013, and Thai AirAsia is determined to figure largely in those numbers, setting itself the goal of carrying at least 12.6 million guests during the year. Not only does it intend to bring foreign tourists into the country to experience its spectacular beauty matched by equally incredible hospitality, the airline will also promote domestic travel among Thais and visitors alike, and - with a particular focus on China and Indochina - help make the foreign travel dreams of its own people come true.



We Value Relationship with Our Customers

PT ASURANSI DAYIN MITRA Tbk

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Telp. +62-21 5708989 (Hunting)

Fax. +62-21 5709276

www.dayinmitra.com



Wonderful Indonesia AirAsia



In 2013, the Indonesian Government launched an extensive campaign to increase tourist arrivals in the archipelago. While the campaign, themed *Wonderful Indonesia*, certainly helped to boost tourism numbers, one airline also deserves recognition for accounting for most of the inbound traffic – having cornered 38% of the international flight market. That airline was none other than our associate, Indonesia AirAsia.



★ ★ ★ ★ ★

INDONESIA AIRASIA

★ ★ ★ ★ ★

Befitting its 10th year of operations, Indonesia AirAsia enjoyed another exciting year of milestone achievements and growth. It added eight new carriers to its fleet, including its first of four fuel-efficient Sharklet-equipped A320 aircraft in June 2013; increased the frequencies of high-yield routes; and unveiled a host of new destinations, both domestically as well as within the region. This included reintroducing the popular Bali-Darwin route, which had been discontinued in 2012.

The results can be seen in the numbers. Indonesia AirAsia ended the year with 34% more guests carried compared to 2012, totalling 7.85 million. In the process, the airline continued to support the government achieve its dream of better connecting the communities within the country while connecting the whole of Indonesia to the rest of Asean and beyond.

No doubt, strategic marketing initiatives helped tremendously. Indonesia AirAsia kept its fans excited with various promotions every month of the year with the exception of the peak travel months of June, July and December. In addition to the Free Seats promo, which was held in January and then again in November, and all manner of attractive discounts in the other months, the airline organised its first ever travel fair in Makassar, the capital of South Sulawesi, where it also opened its largest sales office; and launched its first AirAsia Carnival, its biggest yet marketing campaign, in April. This was so successful that it was back 'by popular demand' in October.

Indonesia AirAsia's successes in 2013 were all the more sweet given that the year in general was challenging economically for the country. Following the government's removal of substantial fuel subsidies in the earlier part of 2013, petrol prices shot up by 44% and diesel prices by 22%, leading to higher transport costs as well as electricity bills. Resulting inflation, compounded by a global drop in commodity prices, hence lower export income, contributed to a decrease in Indonesia's gross domestic product (GDP) to 5.8%, the lowest recorded in the last four years.

More significantly for Indonesia AirAsia, external headwinds conspired to weaken the Indonesian Rupiah, which fell by more than 20% against the US Dollar from approximately IDR9,700 in May 2013 to over IDR12,000 in December 2013, resulting in a significant increase in US Dollar denominated operating costs such as fuel and maintenance. The unfavourable foreign exchange environment, which saw most Asian currencies falling against the USD following the Federal Reserve's tapering of its quantitative easing

policy, was a major consideration in delaying the airline's public listing, which had initially been slated for the year.

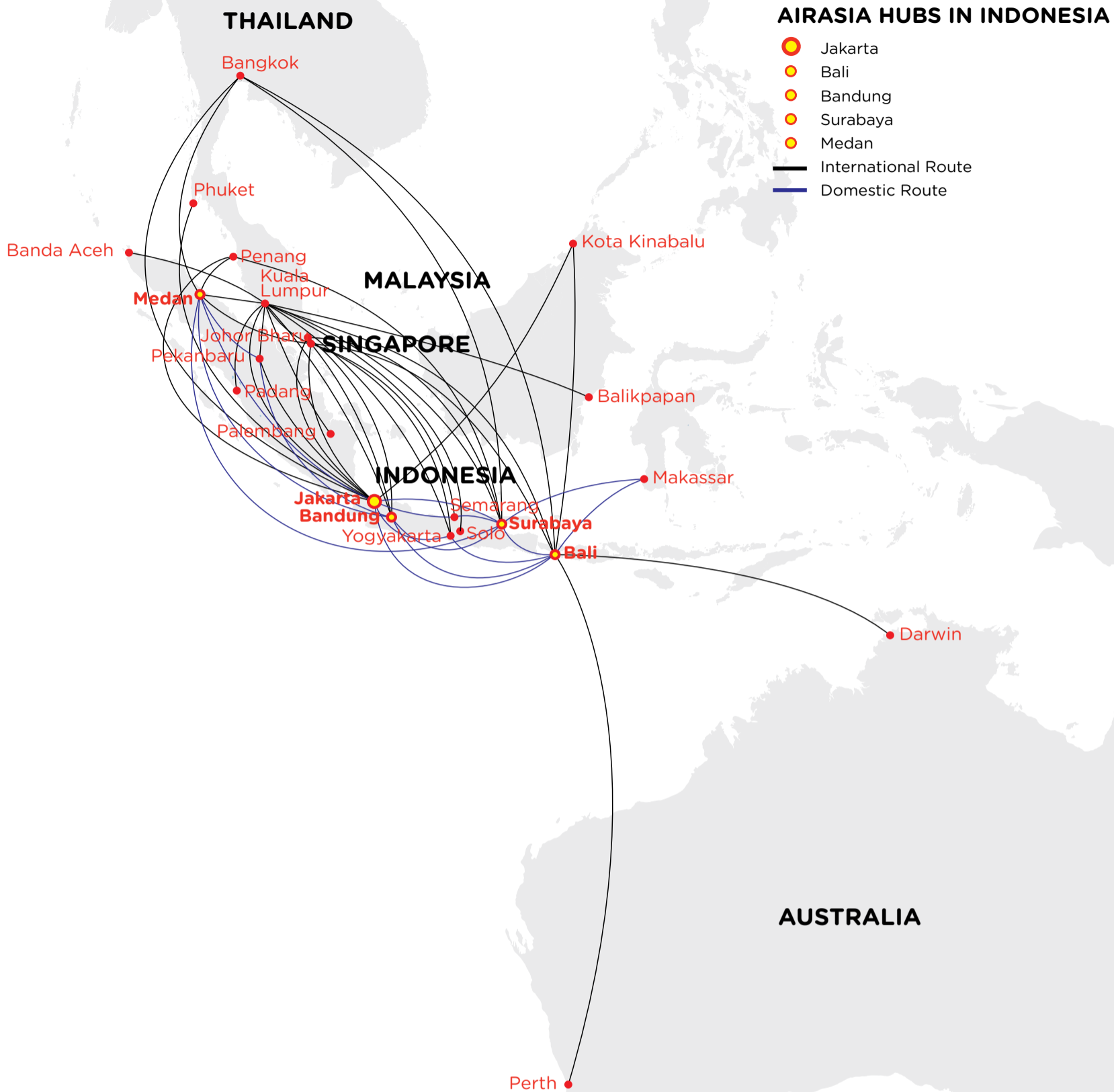
The economic landscape notwithstanding, there was no delay in the airline's planned expansion. Over the course of 12 months, Indonesia AirAsia continued to gain more ground domestically, increasing its market share to 5% without losing its leadership hold in the international space. It launched a total of 13 new routes, four of which were domestic and nine international, with only two routes (one domestic, one international) involving Jakarta, where an increasingly overcrowded Soekarno-Hatta International Airport continues to restrict the growth trajectories of all airlines operating from the main gateway to Indonesia's capital city.

Improving connectivity within the vast nation, Indonesia AirAsia introduced the Medan-Jakarta, Bali-Makassar, Surabaya-Makassar and Makassar-Manado routes. Within the region, it created sky bridges linking Makassar with Kuala Lumpur and Singapore; Bandung and Jakarta with Johor Bahru; Bali with Kota Kinabalu and Darwin; and Medan, Semarang and Surabaya with Singapore. While effectively increasing its seat capacity, the airline also managed to maintain its passenger load factor relatively steady, at 76%.

Its guest numbers are a reflection of the airline's brand promise of innovation and customer-centricity. During the year, Indonesia AirAsia continued to enhance its service delivery by introducing new and convenient methods of payment. Now, for example, guests can book their flights via AirAsia Call Centres in the country and then pay for these through more than 40,000 ATMs under the Berama, Prima and Alto networks.

Indonesia AirAsia's finely tuned and targeted marketing initiatives, together with a strengthening of its local distribution channels via partnerships with travel agents as well as banks, resulted in a 34% increase in revenue to IDR5,821.8 billion from IDR4,359.7 billion last year. As a result of the drop in currency against the US Dollar, however, its cost per available





seat kilometre (CASK) increased by 13% from IDR433.5 to IDR490.1 year-on-year, leading to an operating loss of IDR125.9 billion from an operating profit of IDR392.09 billion in 2012.

Despite this loss, the airline's sound fundamentals and quality service were recognised by various third parties. In April 2013, Indonesia AirAsia was honoured with the 2013 Best Managed Indonesian Low Cost Airline of the Year award by Frost and Sullivan. In November, it was named Foreign Airline of The Year at the Kuala Lumpur International Airport (KLIA) Awards; and the best national airline at the Bali International Customer Satisfaction Award 2013 and Bali Best Brand 2013 ceremony event.

Looking forward, the airline is confident of continued growth in 2014 as it maintains its focus on optimising its network and schedule to maximise aircraft utilisation for both domestic

and international flights. There are plans to reinforce the Bandung and Medan hubs with new and exciting routes to stimulate demand, as well as to add more flights to cater for existing demand on popular routes.

Although Indonesia AirAsia has grown in leaps and bounds over the last 10 years, there is still much potential for even greater expansion in this country of 250 million people spread out across vast swathes of land separated by sea. And the airline is committed to leveraging on this huge untapped market, which has been identified by the Group as a glorious playing ground just waiting to be developed.

Meanwhile, another 'playing ground' has just been completed. The final touches to Indonesia AirAsia's new, ultra-hip headquarters, designed by prominent local architect Dedato, were made in December following which our associate's

2,032 Allstars moved into their new stimulating and fun workspace in January 2014. Brought together for the first time, there is a discernible increase in energy within the young and dynamic team, which would indicate no let-up in the pace of Indonesia AirAsia's forward journey.

As part of its ongoing tourism mission, the government has set the target of attracting 10 million visitors in 2014, focusing especially on tourists from Asia-Pacific, the very same region that Indonesia AirAsia serves. Without much of a stretch of the imagination, it is easy to see that *Wonderful Indonesia* will be supported by an equally Wonderful Indonesia AirAsia!

SPRITZER®

Milestones that spill over



Celebrating 25 years of fluid growth, since 1989.

Every drop of **SPRITZER** natural mineral water that quenches your thirst and refreshes you is extracted from an aquifer, some 420 feet underground in the tropical rainforest. This not only ensures purity and quality, but also provides Orthosilicic Acid (OSA) that helps to reduce risk of aluminium toxicity which causes dementia and Alzheimer's!

Our manufacturing facilities occupy some 330 acres of pristine land, which ensure that your water is not only clean, but also untainted. At Spritzer and for 25 years now, it has and will always be about the environment, about our water, and about you.

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In the Philippines with Love



On 8 November, Mother Nature unleashed one of her most savage storms on Southeast Asia which swept through the Philippines, killing more than 6,200 people and displacing millions as it wiped out entire villages, particularly in the Visayan Islands. Scenes of destruction left in its wake, of the homeless, the injured and the completely dispossessed were heart-wrenching.

PHILIPPINES' AIRASIA

At the same time, the relief missions that were quickly mobilised, the selfless caring and giving that both Filipinos and foreigners displayed reflected humanity at its best.



One of the vibrant troupes at Ati-Atihan Festival © Adam Lee

2.2MIL 
PASSENGERS CARRIED

63%
LOAD FACTOR


1,100 **ALLSTARS** 
TOTAL FLEET 18 A320

14 DESTINATIONS
 **6 COUNTRIES**

15 ROUTES 
• 3 HUBS • 1 UNIQUE ROUTES
• 14 NEW ROUTES INTRODUCED IN 2013

We at AirAsia are proud to say that our affiliate in the Philippines was one of the first airlines to rally our Allstars and aircraft to come to the aid of the victims, sponsoring free seats and cargo space for relief operations. We also made available 250,000 free seats for Filipinos abroad to return home. Meanwhile, a regional fundraising campaign collected a total of US\$1.04 million which was channelled to the Philippine Red Cross' relief efforts. Matching the public's donations, AirAsia Group forwarded another US\$1.04 million to our philanthropic arm, AirAsia Foundation, to be used to rebuild the affected communities.

While expending much effort to help our fellow Asean neighbours, we also went ahead with our major commercial goal in the Philippines: consolidation of Philippines' AirAsia's acquisition of Zest Airways Inc (Zest Air). In March 2013, Philippines' AirAsia formed a strategic alliance with Zest Air, acquiring a 49% stake in the low-cost carrier with an 18-year history in exchange for its owner Ambassador Alfredo M Yao gaining a 15% stake in our affiliate. Via this partnership, Philippines' AirAsia has not only gained a sister airline operating out of the main hub in Manila and the main international gateway to the Philippines, Ninoy Aquino International Airport (NAIA), it has also inherited a ready-made network and unused slots at NAIA that could be taken up for route expansion.

The combination of Zest Air's strong domestic presence with AirAsia Group's massive regional network has been dubbed by media and industry pundits as a 'dream alliance' which the two parties are committed to realising. Both

airlines have been collaborating closely to create a united work and service culture, streamline operations and revamp efficiencies. Already, their internal operations and administrative functions have been consolidated, with the AirAsia website as the main booking engine for both PQ (Philippines' AirAsia) and Z2 (Zest Air) flights.

Both airlines have also undergone a major route and hub rationalisation. Primarily for logistics reasons and to add to greater guest convenience - always a major consideration - Philippines' AirAsia has moved most of its operations out of Clark International Airport where it had been based for more than a year, relocating to Kalibo and Davao, though not necessarily permanently. The Hong Kong route, for example, was re-established from Clark for the peak travel season between 20 December and 6 January, and other routes may be reintroduced at later dates.

Zest Air, meanwhile, has introduced four new domestic routes: from Manila to Bacolod and, expanding its network in central and southern Philippines, from Cebu to Puerto Princesa (Palawan), Davao and Cagayan de Oro. Building on the AirAsia Group's network, it has been able to break into the international space with not just one but six new routes: from Manila to Kuala Lumpur, Kota Kinabalu and Miri, all in Malaysia, as well as to Macau, China; and from Cebu to Kuala Lumpur and Kota Kinabalu, Malaysia.

The route and hub rationalisation contributed to our load factor in the Philippines improving by 7 percentage points from 56% in 2012 to 63% in 2013. And while the consolidated



AIRASIA HUBS IN PHILIPPINES

- Manila
- Cebu
- International Route
- Domestic Route



Yap-Sandiego Ancestral House decked with Christmas lanterns © Adam Lee



Underground River Puerto Princesa © George Tapan



Street Food at Larsian © Adam Lee

Philippines' AirAsia/Zest Air reported a 540% growth in capacity, the number of guests carried outstripped this quantum leap with a 615% increase.

A major win for the alliance was approval by the Civil Aeronautics Board (CAB) to change Zest Air's name to AirAsia Zest. Following CAB's announcement to this effect in late September, a full rebranding exercise was carried out throughout October, when a new logo was launched, all AirAsia Zest aircraft were repainted in AirAsia's iconic red and the flight and cabin crew adopted the famous red AirAsia uniforms. Further celebrating the milestone, AirAsia Zest's offices were also painted red, as were even major thoroughfares and airports nationwide. At the same time, messages highlighting AirAsia's world-class service, extensive network and impressive record as the World's Best Low-Cost Carrier were emblazoned everywhere.

Bolstered by a fleet of 18 aircraft serving 14 destinations in six countries, mostly from NAIA, as compared to two aircraft plying three domestic destinations from Clark International

Airport in Pampanga at end 2012, our affiliate is ready for bigger things to come. And, given the huge tourism potential of the Philippines, there is much for it to look forward to. Such is the appeal of the country that, despite Typhoon Haiyan as well as the earthquake that shook Central Visayas preceding it in October, visitor arrivals totalled 4,681,307, surpassing the previous year's record of 4,272,811 by 9.56%.

Based on the country's very strong tourism pull, its population of close to 100 million people, and the more than 10.64 million Filipinos either working or living overseas, AirAsia remains optimistic of its future in this vast archipelago. There is without doubt still much potential for growth of well-managed and safe low-cost carriers to serve both domestic and international needs.

Many initiatives are in the pipeline for the year 2014, including a strengthened presence in Metro Manila, expansion of operations, and the introduction of new products and routes. In addition to more domestic connections, our affiliate is looking at growth opportunities in

Japan and South Korea, both top international travel destinations for Filipinos and top tourism markets for the Philippines. Domestically, Kalibo, gateway to the world famous Boracay Island, has already been identified as the next hub, and is expected to commence operations early in the year.

As it grows its business, Philippines' AirAsia/Zest AirAsia will keep a keen eye on remaining price competitive so as to attract an increasing number of guests. Much groundwork has gone into building the AirAsia brand in the country, the airlines' contributions to humanitarian aid during the year adding immensely to reinforce its image in the hearts and minds of the people. Today, as the country is well on its way to recovery, we will be there to help set the stage for an infinitely brighter future.

A Partnership You Can Trust!

WHEN IT COMES TO DEVELOPING THE RIGHT SOLUTIONS FOR THE LOCAL AND INTERNATIONAL BANKING NEEDS, ePROTEA-FINEXUS GROUP HAS THE RIGHT INGREDIENTS TO ENSURE A SUCCESSFUL IMPLEMENTATION

ePROTEA is a Malaysian-based banking software solutions provider that was incorporated in January 2000. In year 2008, the common shareholders of ePROTEA started a new company called FINEXUS to handle all outsourcing business using solutions they developed/ marketed.

ePROTEA-FINEXUS Group Accreditations



CALL TO FAME

ePROTEA-FINEXUS Group has come of age to offer banks robust quality comprehensive enterprise banking solutions for today's challenging business environment.

ePROTEA RTGSWorks™ is a 2nd Generation multi-currency RTGS system (SWIFT Messaging Standard Compliant) developed for Central Banks and the banking industry.

ePROTEA ePAYMENZ™ Solution offers a centralised enterprise payment gateway to RTGS, MYCLEAR IBG including NBPS (National Bill Payment System), SWIFT Alliance Access, MYCLEAR Direct Debit, etc. We also offer both ATM and POS Central Switch, offering unparalleled processing and management capabilities to bank.

ePROTEA CARDWORKS™ 2013 is a non-stop, comprehensive card processing solution that delivers robust and highly scalable capabilities that is fast and available around the clock, allowing for non-stop transactions up to 100TPS. FINEXUS offers such solutions on outsourcing basis for both systems and card business operations.

ePROTEA STARWORKS™ Regulatory Compliances Reporting Solution is a comprehensive compliance reporting system that meets the regulatory requirements 100%!



+++ making a difference

ePROTEA a banking solution provider ... has provided the very best in Banking Solutions and Outsourcing services and continues to develop strategies that make a difference. With a staff strength of over 230 with presence in 10 major ASEAN cities, we have always strived for excellence and will continue to provide the highest quality in service offerings that are highly valued by our clients.

FINEXUS an outsourcing services provider ... offers outsourcing services to the banking industry for banking systems and backroom operation services. FINEXUS has been validated compliant with PCI DSS standard.

ePROTEA-FINEXUS Group is synonymous with COMMITMENT!

★★★★★

BUSINESS REVIEW

AIRASIA X

★★★★★

An X-tremely X-citing Year

Six years ago, when AirAsia X was launched as a long-haul, low-cost carrier (LHLCC), the sceptics had a field day. Never before had an LHLCC proven to be successful, certainly not in this region.



**LARGEST LCC
MARKET LEADER
BETWEEN
SOUTHEAST ASIA TO
AUSTRALIA/
NORTH ASIA**

LARGEST
LONG-HAUL LCC
NETWORK WITH

18  **DESTINATIONS**
ACROSS ASIA PACIFIC

YOUNG & MODERN
CORE A330-300
FLEET WITH
AVERAGE AGE
UNDER 5 YEARS

23
NATIONALITIES

FROM THE TEAM OF 2,011 ALLSTARS



Today, the airline is not just surviving but thriving – it has grown from one leased 13-year-old aircraft serving Australia’s Gold Coast to 22 new Airbus aircraft flying to 18 destinations in eight countries; and is the first LHLCC in the world to have gone public.

On 10 July 2013, the airline made its debut on the Main Market of Bursa Malaysia, raising RM740.7 million through the issuance of 529.59 million of new shares. The initial public offering (IPO), which garnered the Best Investor Relations for IPO Award at the IR Magazine Awards and Conference-South East Asia 2013, was inspired in part to finance AirAsia X’s ambitious expansion plans. The results are clear to see.

A total of six new routes were introduced in 2013 – to Jeddah in Saudi Arabia; Shanghai, China; Busan, South Korea; Colombo in Sri Lanka; the Maldives; and Adelaide, Australia – while more mature routes – to Taipei in Taiwan and Sydney, Melbourne and Perth, Australia – were strengthened with added frequencies. Supporting its route expansion, AirAsia X also made history – again – by placing the largest single aircraft firm order for 25 more A330-300 carriers with Airbus, valued at US\$6 billion, bringing its total order book with Airbus to 57 aircraft to be delivered between 2014 and 2019.

The year 2013 itself saw significant growth in capacity – from 11 aircraft to 19, yet AirAsia X managed to maintain a high passenger load of

82%, which was only marginally lower than the 84% recorded in 2012. Other than strategic route planning, the company’s excellent marketing as well as focused customer service played significant roles in its performance.

As always, various campaigns were held to entice Pan Asians to travel, two among which stand out. To celebrate its 100th flight to Kathmandu on 25 March, less than a year from the route’s launch on 3 July 2012, AirAsia X offered flights to Nepal’s capital from as low as RM299. Less than a month later, and in true patriotic fervour, AirAsia X launched the *Fly Home to Vote* campaign with very attractive fares to enable Malaysians residing overseas to exercise their voting rights by being a part of the General Elections 2013.

For an interesting change, the sales team was able to impose a special fare on a special flight – from Perth to Kuala Lumpur – making the most of the fact that a very special person would be serving on board as a flight attendant: Sir Richard Branson. His short-lived career move proved beneficial not only to AirAsia X, which gained great media mileage from the event, but also to seriously ill children in Australia, to whom proceeds from this charity flight were directed.

In addition to its campaigns, AirAsia X continued to introduce innovative products and services aimed at enhancing guests’ experience while flying with the airline. First came the Quiet Zone on all flights to China, Taiwan, Japan, South



Korea, Australia and Nepal, allowing guests the opportunity to sit in a no-children area which also comes with soft lighting to create a more relaxing ambiance. Then, it literally rolled out the Red Carpet, to offer guests a premium experience from the time they check in to the time they collect their baggage at their final destination.

Innovations such as these not only add to AirAsia X's world-class service quality but also contribute towards its ancillary income, which has been rising steadily over the years, and increased from RM142 per passenger in 2012 to RM145 per passenger in 2013.

Both the increase in ancillary revenue as well as the 22% growth in number of guests carried during the year, to 3,161,456 guests, contributed to a 17% increase in revenue from RM1.97 billion in 2012 to RM2.31 billion. The increase in price of fuel as well as a depreciation of the Ringgit against the US Dollar, however, had a negative impact on AirAsia X's bottom line, resulting in a net loss of RM88 million.

Despite this loss, the airline's fundamentals remain very strong as reflected in key parameters. Enhanced capacity led to a 19% increase in available seat kilometre (ASK) to 19.3 billion. At the same time, its cost per available seat kilometre (CASK) remained at an impressive 11.98 sen, thanks to an average aircraft utilisation rate of 16.3 hours a day, higher than the already substantial 16.2 hours a day in the previous year.

Confident of maintaining, or even strengthening, its fundamentals, AirAsia X is bullish about the future. Proceeds from its IPO will be used for ongoing expansion, both in terms of its network as well as in capacity. Since its route rationalisation in 2012, the LHLCC has been focusing on two key markets - North Asia and Australia - where it already has an established presence. Leveraging on its visibility, strong branding and operational support, it will introduce at least three new routes within these target markets in 2014. In



WORLD'S BEST LCC PREMIUM SEAT & PREMIUM CLASS SKYTRAX

terms of capacity, AirAsia X expects to receive seven aircraft during the year, increasing its total fleet to 26.

As this annual report goes to print, the airline has officially launched its new regional hub in Thailand, while a second hub in Indonesia is to follow close on its heels. These satellite ventures will not only take the AirAsia X brand further afield, but will also throw open the possibility of cross-connections thus further deepen and broaden AirAsia X's route network.

Meanwhile, in Kuala Lumpur, AirAsia X is excited about the move to KLIA2 where it will have the space and infrastructure to accommodate anticipated growth. So, while 2013 has been an extremely exciting year for AirAsia X, 2014 looks like it will be even more so. Not only can our regional fans look forward to more thrilling holiday (or work) destinations, they can also expect more and better service options in the air to keep them entertained. During the year, AirAsia X won the World's Best Low-Cost Airline for Premium Class and Premium Class Seats at the Skytrax World Airline Awards. Motivated by these wins, the 2,011 Allstars at our long-haul associate's have been letting their creativity loose on additional offerings that will further entrench its leadership in the LHLCC space. There has even been talk of gourmet coffee and a flying boutique - life's little luxuries not often associated with low-cost travel.

Some say the sky's the limit, but with AirAsia X, there's no limit to what you can do in the sky.





BUSINESS REVIEW

BIG LOYALTY PROGRAMME



THE NEXT BIG THING

2013 was big for the AirAsia BIG loyalty programme. Though only in its second full year, the programme managed to double its membership to more than 1 million; increase its network of partners substantially; and even triple its revenue. But the best news is, despite the healthy growth seen, there is still much room for more.

Be a BIG Shot

with AirAsia BIG Loyalty Programme to fly more for free with AirAsia!



As the only loyalty programme for the AirAsia and Tune Groups, big things can be expected of this start-up programme. And from plans in the pipeline, a number of these look set to materialise.

As this annual report goes to print, a major IT overhaul is being undertaken to integrate the Customer Relationship Management (CRM) capabilities of BIG and the AirAsia Group to create a single customer view. In effect, this would merge the databases of both companies, automatically adding 10 million of AirAsia's members onto BIG's membership base. But even that will not be the end of BIG's growth potential. Annually, tens of millions fly on AirAsia, hence there is potential to capture this larger audience with BIG's hard-to-resist value proposition.

What's more, as AirAsia and Tune expand, the number of potential converts to BIG will also increase. For a start, the establishment of Thai AirAsia X and Indonesia AirAsia X in 2014 will

mean more AirAsia members, more AirAsia guests and, hence, more potential BIG Shots (as BIG members are called).

But, what, one may ask, *is* the BIG deal? The answer: quite a lot. BIG Shots stand to benefit from many perks, the most basic being the ability to fly more the more they fly. Every purchase of an AirAsia ticket, every stay in a Tune Hotel, booking on AirAsia Expedia, or use of Tune Talk's mobile telco services earns a BIG Shot points. Points can also be acquired by spending at partner companies, such as PETRONAS in Malaysia; StarHub, a telco based in Singapore; and Zalora, an online fashion store domiciled in Thailand. Then again, every time BIG Shots use their BIG Visa card or other co-brand cards such as the AirAsia-Citi MasterCard, they accumulate more points which can be redeemed for flight tickets on any airline within the AirAsia Group.

This year, to increase awareness of the BIG loyalty programme among the general public and to encourage BIG Shots to make the most of their membership, BIG collaborated with Paradigm Mall in Petaling Jaya for a month-long Shop & Fly with AirAsia campaign in December, under which members earned one BIG point for every RM1 spent on weekends, and two BIG points on weekdays.

Unlike other airline loyalty programmes, there is no membership fee and BIG Shots can redeem their points at any time they like as there are no blackout periods. This means that when there is an AirAsia promotion, which is a frequent occurrence, they are entitled to flights at the promotional rates. Not only that, they are even give exclusive access to promotions in advance of others so they have first pick and do not have to face the virtual scramble that results when millions of people are trying to book tickets online.

To promote flight redemptions, BIG Shots are offered special redemption rates every month from as low as 10 points, which can be earned by spending from as little as RM20 on the BIG Visa prepaid card or by purchasing the equivalent of one full tank of petrol in a 2 litre car at a PETRONAS petrol station.

Other than redeeming their points for flights in full, BIG Shots can also use their points to top-up the payment of partially paid flights. The number of points required to redeem a seat depends on the route and the number of seats available on the particular flight. Alternatively, BIG Shots may redeem their points for AirAsia gift vouchers, AirAsia merchandise, or for free stays at Tune Hotels around the world. In 2013, we saw a record 195,291 seat redemptions, most of which were made in November 2013 due to aggressive promotional efforts by AirAsia Group. This led to RM1.29 million in sales generated by BIG in November, which contributed to a total of RM4.38 million in 2013.



MALAYSIA

- > TUNE HOTELS
- > TUNETALK
- > CIMB BANK
- > PETRONAS
- > RHB INVESTMENT BANK
- > ALLIANCE BANK
- > RHB BANK
- > CONCORDE HOTEL
- > CASA DEL RIO
- > CASA DEL MAR
- > THE LAKEHOUSE
- > HARD ROCK HOTEL
- > AVIS
- > BUDGET
- > HERTZ
- > ALPHA SPECIALIST CENTRE
- > ANSWERS-IN-LAW



INDONESIA

- > TUNE HOTELS
- > HARD ROCK HOTEL
- > HSBC
- > AVIS
- > KIDZANIA
- > INDOSAT
- > POETRE
- > BLACK CANYON
- > MANDIRI
- > BRI TOUCH
- > BNI CREDIT CARD
- > CIMB NIAGA
- > TUNE HOTELS
- > BUDGET
- > AVIS
- > HERTZ
- > RIHIVELI
- > GILI LANKANFUSHI
- > HILTON HHONORS



THAILAND

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- > SCB
- > BANGKOK BANK
- > CITIBANK
- > KTC
- > DINERS CLUB
- > TMB
- > THANACHART CREDIT CARD
- > SSP THAILAND
- > HARD ROCK HOTEL
- > KRUNGTHAI PANIC INSURANCE
- > BUDGET
- > AVIS
- > HERTZ
- > GARMIN
- > BAZAAR
- > HAIR



SINGAPORE

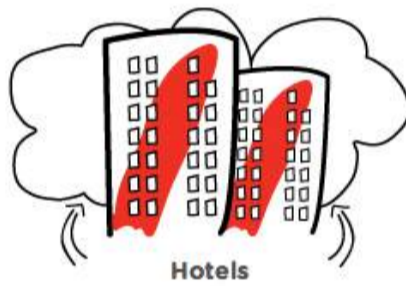
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- > WALLPAPER
- > LIVINGETC
- > SWING
- > PRESTIGE
- > TOPGEAR
- > SAPHALPAE
- > VERZTEC
- > BOOSKA.COM
- > ZALORA THAILAND
- > KING POWER
- > WORLDCARD
- > SSP SINGAPORE
- > AVIS
- > HERTZ
- > HEALTHWAY MEDICAL GROUP
- > CONCORDE HOTEL
- > STARHUB



GET READY TO FLY!



Redeem any seat on AirAsia flights from as low as 100 BIG Points! Don't have enough BIG Points? Use the BIG Points + Cash redemption option!



Redeem Tune Hotels Stay in Malaysia and selected locations in Indonesia with your BIG Points!



Redeem limited edition items with your BIG Points. Subject to availability.

The BIG loyalty programme is beneficial to AirAsia as it increases our passenger load. At the same time, by having more passengers on flights, our ancillary income from add-on services such as pre-booked and in-flight meals, Check-in Baggage, Pick A Seat, Red Carpet and Fly-Thru, also increases. During the year, BIG earned no less than RM1 million from this revenue stream. The loyalty programme also earned revenue from points sold to its network of partners which continued to expand with the addition of reputable names such as Maybank and Astro.

While the loyalty programme has made significant progress from 2012, Think Big Digital Sdn Bhd, the company that manages BIG, has ambitious plans to accelerate growth of Asia's best frequent flying loyalty programme catering to low-cost carrier customers. As it is still relatively new, there are plans to promote awareness of BIG, and especially of how members stand to benefit from the programme. The company is also identifying

ways to appeal to its particular market which comprises mainly leisure travellers as opposed to business travellers, who make up the majority of frequent flyer members of legacy airlines.

In a strategic move, in January 2014, Think Big Digital - co-owned by AirAsia and the Tune Group - signed a partnership with Aimia Inc, a global leader in loyalty management headquartered in Canada, for its expertise in the niche area of loyalty programmes. The ultimate objective is to monetise BIG's vastly expanded data base to further ramp up revenue. Already, a number of initiatives have been outlined, and will be launched in phases from the first quarter of 2014.

These will be revealed in due course, but as a sneak preview into BIG's future, we can reveal that a 'BIG' carrier will soon take to the skies - surely an extremely apt way of celebrating the take-off of this auxillary business that is only just beginning to realise its full potential.

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★★★★★

BUSINESS REVIEW

AIRASIAEXPEDIA

★★★★★

Sun, Sand & Food – Expedia Style

“Food before sex please, we’re Singaporean”. No, that wasn’t the title of the latest dinner show satire. Instead it was a newspaper headline in the island republic following the release of the Expedia Flip Flop Report 2013 which had studied the behaviour of global travellers during beach getaways. What the report found was that as many as 65% of Singaporeans look forward to eating more during their seaside vacation, as opposed to only 53% saying they would get intimate with their partner.

The media had a field day with the results, allowing AirAsia Expedia – without any ad spend – to garner more than S\$45,000 in ad value and more than S\$145,000 in PR value from the online and print coverage. Making the most of the hype, the AirAsia Expedia Singapore team dispatched young men and women in the brand’s characteristic canary yellow into the streets offering free lemonade to passers-by, while reinforcing the results of the survey by asking the thirst quenchers which they preferred: sex or food. Again, the resounding response was food!

Yes, AirAsia Expedia has certainly done it again! The year 2013 was marked by the less than three-year-old joint venture between AirAsia and Expedia, the world’s largest online travel agency, making its presence felt in fun and exciting ways in each of the 11 markets it is in within Asia-Pacific, namely Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam. In the process, it also managed to increase its market share in each country.

It helped that AirAsia Expedia got off to a good start in 2013 with the appointment of Kathleen Tan, formerly Head of Commercial at the AirAsia Group. Kathleen is widely acknowledged to have introduced novel marketing ideas at AirAsia while taking customer engagement via social media to a whole new level. Since taking over as CEO of AirAsia Expedia, she has pulled together a formidable team which has been weaving its yellow magic in its fast-expanding target markets.

The team’s recipe for success? Just one word – disruption. Taking a cue from parent organisation AirAsia, AirAsia Expedia is driven to buck the trend and provide people with amazing products and packages that no-one else would ever dream of. If this means RM1 travel deals, so be it. In fact, this is precisely what AirAsia Expedia in Malaysia offered to celebrate its first anniversary in the country. And the exciting deal was by no means unique to this market. In Hong Kong, the launch of a full-service site in July 2013 was marked by a weekly 99% off promotion during which one



lucky person received a 99% off travel voucher for his/her next booking. In neighbouring Korea, a highly successful campaign was run during which customers were offered stays at top hotels for only USD1 per night. The India operations perhaps said it best when its website boasted that at any given time, it features no less than 18,000 deals – “something no other travel site can offer”.

Amazing deals aside, a key differentiator of AirAsia Expedia is its ability to really understand its markets and their travel-related quirks, allowing for the localisation of products and services. In India, for example, the team realises there is a great desire to travel, but low level of awareness of the ability to plan and book one’s travel online. The team has therefore appointed a brand ambassador whose mission is to traverse the length and breadth of the subcontinent, spreading the word on AirAsia Expedia.

For the word ‘AirAsia Expedia’ truly is value ridden. While there may exist other online travel agents, none can come anywhere close to AirAsia Expedia in terms of the richness of its products – other than AirAsia it offers flights on

more than 400 airlines; and accommodation in more than 240,000 hotels worldwide – and its affordability. AirAsia Expedia is so confident of its lowest-priced travel package deals that it even offers a Best Price Guarantee: if guests find a better price online for the exact trip, Expedia will match the lower rate and even award the guest a travel voucher.

More than offer flights, hotels, car rental, tours and entire travel packages, AirAsia Expedia goes the extra mile to provide value-added service as part of its aim to become the #1 online travel agency in Asia. The Singaporean outfit, for example, has a microsite dedicated to helping travellers unravel the sometimes confusing web of travel-related documentation, ie visas and the like, a service that new converts to online booking thoroughly appreciate as this traditionally was managed by travel agents.

Given AirAsia Expedia’s impeccable pedigree, one may expect the company to have got off to a smooth start from the outset. The truth, however, is that being the offspring of illustrious parents can pose certain challenges. For some time, for example, AirAsia Expedia had to grapple



with integrating the data from the systems of both parent companies. This technical challenge was only resolved in 2013, by investing in an IT solution which allows for territorial alignment across the region, enabling AirAsia Expedia to improve its budget forecasting and planning.

Improved operational efficiencies, combined with strategic marketing and excellent people engagement, led to a very positive performance in 2013. Gaining greater market share in each of its 11 markets, AirAsia Expedia recorded 46% growth in total transactions – from 1.3 million in 2012 to 1.9 million which, in turn, led to a more than 30% increase in revenue. Most significantly, keen focus on key operational expenses resulted in the company recording its first year of profit.



This veritable milestone was all the more meaningful given the challenging macro environment in Japan, which is one of AirAsia Expedia's key markets. From the second quarter onwards, the Yen has steadily weakened against other major currencies, affecting Japan's Point of Sale. This, fortunately, was countered by AirAsia Expedia's geographic diversity, which reduces any single-market related risks.

Looking forward, AirAsia Expedia seeks to draw in a larger market of Asian consumers who are migrating from offline bookings to online. Leveraging on its multiple travel products, it will focus on acquiring customers at different points in their travel shopping journey and cross-sell them other travel products, capturing a higher share of their spend.

At the same time, AirAsia Expedia will continue to build on its suite of mobile applications, which the company has singled out as the new game changer in the world of travel. Already, the year 2014 has seen AirAsia Expedia introduce more capabilities in the award-winning mobile app launched in 2013. As an example, the upgraded app provides users with airport maps, flight status, confirmation codes and addresses when the traveller is most likely to need that information.



Banking on such cutting-edge offerings, its strong team and enhanced operational efficiencies, AirAsia Expedia is targeting revenue growth of at least 30% again in 2014. Ambitious? Perhaps. But we have every reason to believe this team will meet its goals. If nothing else, it can always resort to a fail-proof strategy, at least for the Singaporean market: just dangle the right kind of carrot to whet the nation's insatiable appetite!

★★★★★

BUSINESS REVIEW

ASIAN AVIATION CENTRE OF EXCELLENCE

★★★★★

A 'New' Centre of Excellence Takes Off

As AirAsia continues to expand, so do our human resources and the need to train them. All our pilots, cabin crew, maintenance engineers and technicians, as well as ground services personnel such as ramp and guest service officers are trained at a centre in Sepang which, not surprisingly, was a hive of activity in 2013. But our training arm did not just grow, it was in a sense 'reborn'.

In June 2011, AirAsia signed a partnership with Canada-based leading aviation simulation training provider, CAE Inc, to set up a world-class aviation training centre. The joint venture, Asian Aviation Centre of Excellence (AACE), was located at the AirAsia Academy near the Low-Cost Carrier Terminal (LCCT) complex. Although it began operating from the word go, no proper branding exercise was conducted to differentiate it from the AirAsia Academy.

This rebranding was carried out only in early 2013, and was completed in May when a new Vision was declared, 'To be the centre of excellence for training in Asia'. Accompanying this was a new logo, embedding an 'A Star' to reflect the highest possible standard of achievement. This logo has since been emblazoned on AACE's new collaterals and uniforms, creating an entirely new and invigorated feel at AACE, one that is also more focused on cost management as it fulfils the Group's training needs while drawing in third parties.

AACE has increased the range of training programmes offered and has been marketing these extensively, not only within Malaysia but - reflecting the 'Asian' qualifier in its name - also in Indonesia, Thailand and the Philippines. These efforts target all of the Group's associates in the region as well as third-party aviation concerns.

A well-earned stripe was being awarded the ATO Part 147 Certificate for Aircraft Engineering from the Department of Civil Aviation Malaysia (DCAM) in recognition of the quality of its engineering programmes that cater specifically for the aviation industry. This adds to its



certifications portfolio which includes 15 other approvals from civil aviation authorities from various countries.

Its non-technical training programmes, meanwhile, have received the stamp of approval from the Malaysian Human Resources Development Fund (HRDF). In effect, this allows all organisations in Malaysia to use their HRDF contributions for soft skills and people development programmes provided by AACE. With this certification, AACE will be able to capture a larger share of the Malaysian market for training in areas such as leadership development, customer service and front line grooming.

Already, the centre is attracting the interest of customers from outside the industry. Impact Corporate Training, a Singapore-based training provider for management and senior management, conducted a programme at the AACE in order to utilise its newly refurbished cabin crew trainer, pool, ramp slides and other facilities.

Within the aviation sector, the centre's top-of-the-range facilities drew the Royal Airforce of Oman and Jetstar/Hong Kong Airways for their own training purposes. These organisations also approached AACE to custom-make certain programmes which were subsequently conducted for them exclusively by AACE's talented pool of instructors.



AACE served a total of 28 organisations during the year and trained a record of more than 12,000 participants - both internal and external - while hosting no less than five graduation ceremonies. Of the trainees, 376 were pilots. Although the number of non-pilots was much higher, pilot training still formed the bulk of its revenue - no less than 80.0% of the total. The increase in number of pilots trained led to a 17.0% increase in revenue from RM80.4 million in 2012 to RM88.9 million, surpassing AACE's targeted revenue by RM1.7 million. More significantly, improved operational efficiency led to better cost management and productivity, enabling AACE to record an 8% increase in operating profit, from RM25 million in 2012 to RM27.1 million, again surpassing the set target, this time by RM1.8 million.

As impressive as these figures are, there is much room for further growth as the aviation industry continues to expand and the need for training increases accordingly. Although the number of pilot trainees from third-party airlines has been growing steadily and reached 19% of the total in 2013, this number could be further expanded. AACE seeks to tap more fully into this sector by boosting its pilot training intake while also intensifying efforts to market its Cabin Crew Preparatory Programme across Asean.

At the same time, AACE intends to increase its third-party market share which currently stand at 2.5% of all trainees. Several plans are already in the pipeline to launch more engineering programmes targeting both aviation and non-aviation sectors and to enhance its product packages more generally for all third-party customers. These include a possible collaboration with Europe's top aviation university to offer a diploma in engineering training.

Leveraging on its affiliation with the HRDF, meanwhile, AACE aims to introduce new learning and training solutions for the wider corporate market. As it continues to grow its training portfolio and expand the range of its customers, AACE will engage more extensively with the public, hence potential corporate customers and trainees, via social media such as Facebook, Instagram and Twitter.

AACE is also opening its own restaurant to cater for the different palates of trainees from all over the world, allowing for a better customer experience. In other words, there's a lot that is cooking at the AACE as it transforms into a centre of excellence. Check out its social media platforms for updates!



★★★★★

BUSINESS REVIEW

SOCIAL MEDIA

★★★★★

So Much to 'Like'!

AirAsia is different. And our social media proves it. While other corporations use their Facebook accounts primarily for hard-core sales, promotions and marketing, to us social media means so much more. It is about really connecting with our fans and friends and building a tight-knit 'AirAsia Community' that humanises our brand and adds value to us as a Company. In many ways, social media is a natural extension of democratising air travel - it lends equal voice to everyone and allows anyone to 'friend' us, thus get to know us better.



When we have something to celebrate - such as being named Best Low-Cost Carrier in the World five years in a row - we 'share' our jubilation with our social media friends. When something happens at AirAsia that we know they would like to be a part of, we draw them into the event. In 2013, that happened when Sir Richard Branson finally shaved his legs and put on a flight attendant's uniform, complete with fishnet tights and heels, to serve on a flight from Perth to Kuala Lumpur. We kept tweeting updates of the unforgettable flight for the benefit of our followers, and even managed to capture that whoopsie moment when Sir Richard 'accidentally' spilt a tray of orange juice on our Group CEO.

Similarly, when our friends and fans have something they would like to communicate to us - be it a request, a suggestion or even a complaint - they know just how to go about it. Want Pak Nasser's nasi lemak back on our menu? Tweet us your request - as many of our guests did - and the quintessentially Malaysian dish was back on board. Want AirAsia to fly to Lombok? Just ask, again as our guests did, and they got their wish. The same went for Wuhan and, now, the soon-to-be-launched Xi'an... The power of social media to get into the psyche of the people is such that our fans in India are already telling us what they want in terms of routes even before the setting up of our affiliate there.

We have an entire team of 20 Allstars spread across 13 markets where we operate - Malaysia, Thailand, Indonesia, the Philippines, Singapore, Vietnam, Japan, India, China, Hong Kong, Taiwan, South Korea and Australia - updating our social media platforms, responding to communiques, and channelling requests/suggestions to the relevant Allstars for action. Through our various platforms, we have thousands of conversations with fans daily across the globe. And each is taken seriously. No communication is deleted and almost every one is responded to. This way, our fans know we truly value them and their opinions. Nothing could be more effective in terms of building relationships with them.

While regularly responding to and engaging with our fans, we also reward them with special promotions in a show of genuine appreciation. This year, for example, our Facebook hit the two millionth fan mark. To celebrate the milestone, we offered all two million of our fans the opportunity to book flights for free on 7 October. Our fans loved the initiative.

It all started innocently enough, with a corporate blog called Just Plane Thoughts, launched in 2008. From there, our social media involvement quickly evolved to include Facebook,



Tony Fernandes @tonyfernandes · Apr 17
 future Captain, Chanaporn, Who happens to be Miss Thailand to. The only
 airline with a Miss Thailand flying for them pic.twitter.com/v3xXdfNV7



soon followed by Twitter, Weibo, YouTube, Instagram, Pinterest... Most recently, in October 2013, we got into WeChat, a fast-growing social application in China, through which we garnered close to 300,000 followers by year end. Today, we are without doubt one of the most social corporate organisations in Malaysia and perhaps even the world.

It helps that our top leadership are prolific tweeters. Group CEO Tan Sri Dr. Tony Fernandes' tweets have become legendary, keeping followers updated on AirAsia news. But he is by no means the only AirAsia social media magnet. Our own CEO Aireen Omar is just as active and a definite convert to the realm of online engagement. During the year, she initiated the AirAsia Bloggers' Community (AABC) programme by celebrating her first year as CEO with bloggers and media at a 'Tea with Aireen' session.

The AABC programme, spearheaded by our Communications team, seeks to engage more meaningfully with online key opinion leaders whose blogs are more likely to influence the travel decisions of our guests than more conventional media. We currently have about 200 bloggers in our network from across Asean whom we invite to route launches, viewing parties, sports events, as well as to test new products and to join us on media familiarisation trips. To keep them updated on AirAsia events, we also email them monthly newsletters.

Of course, we also use social media for more traditional functions such as marketing, promoting and advertising, reaching out to a Group total of 1.7 million Twitter followers and 5.7 million Facebook fans all for free. New routes are not just captured on our social media channels, but are actually kick-started here in fully integrated campaigns. This includes engaging our fans from the teaser period in guessing where we will be flying to next, which also gives us an idea of which destinations are on their minds.

The Friendsy campaign run in conjunction with our Kuala Lumpur-Sydney launch which challenged passengers to fill a virtual plane with Facebook friends was such a success (the Australian winner and her 377 friends won a three-night return trip to Kuala Lumpur, all expenses paid), it has become a global case study for the strategic use of social media. It also won us international acclaim in the form of the Uber Social WITovation Award at the 2013 Web In Travel (WIT) Conference held in Singapore, and a Silver at the prestigious Facebook Studio Awards (the social media equivalent of the Cannes Lions). In Australia, the buzz it created went viral - with the result that our AirAsia Australia Facebook fan base grew by 30% and we generated A\$1,627,593 worth of PR coverage.

More recently, to promote our destination in the Gold Coast, we collaborated with Tourism Queensland on an interactive campaign, *Where's Johnno*, that gets fans to play games, each introducing them to the many attractions of the Gold Coast over and above its being a surfer's paradise. By completing a total of five games, fans stand a chance to win the Grand Prize of a return trip to the Gold Coast.

Social media is also a great way to promote our products and services; and this year we zoomed in on AirAsia's ancillary offerings. To create greater awareness of the various add-ons that we make available to guests, these were highlighted in interesting ways. For example, to advertise our extensive in-flight menu, we offered a sneak peek of how our meals are produced.

As part of allowing our social media friends to get to know us better, we highlight everything that means something to us. This includes our Corporate Social Responsibility initiatives. AirAsia has a tradition of nurturing the ambitions of Asean sporting talents, inspiring them to dream the impossible and strive for world-class standing. To encourage a champion's mindset among a wider Asean public, we share stories of our sports ambassadors on our social media.

One of the most poignant 'sharing' engagements we've had with our fans recently was on the airasiamemories.com microsite, created for guests around the world to post their most memorable photos of travel experiences with AirAsia. This campaign was held to celebrate flying our 200 millionth guest in November 2013. Photos that received the most 'Likes' won the owners weekly prizes of free air tickets, and a grand prize of two million BIG points and return flights for two across 100 destinations. More than 13,000 photos came pouring in, depicting the wonderful holidays and travel adventures we have enabled our millions of guests to enjoy. Among these was one of a Vietnamese family of four standing with grandpa in front of Saigon's Notre-Dame Basilica, with a caption that reads: "The trip is a gift for my 70 year-old father who worked hard and never enjoy traveling before."



WE'VE FLOWN ALONGSIDE 200 MILLION UNFORGETTABLE MEMORIES

And never want to forget a single one.

Welcome to AirAsia's Box of Memories. Since 2001, we've been a part of over 200 million memories in the sky: the excitement of a first-time flyer, the novelty of being served by a cross-dressing billionaire, the joy of welcoming a brand-new baby into the world. Share and save your favourite travel memory with AirAsia in our Box of Memories, and you could win amazing Prizes!

Step 1
Fill your details. (include your BIG Shot ID for bonus points)
Not a BIG Shot?

Step 2
Share a photo of your unforgettable travel memory with AirAsia

Step 3
Tell us why it was so special

Step 4
Get LIKES for your unforgettable travel memory. Most LIKES will stand a chance to win Prizes

Prizes

Share & Win!

Congratulations to all winners!

Check below to see if you're one of the lucky winners. Thank you for participating and sharing your unforgettable memories; here's to making more with you soon.

GRAND PRIZE WINNER

Loo Hun Kok
Jump @ Borobudur with best friends, friendship forever~

Grand Prize

- 2,000,000 BIG Points
- 2x return flights to any AirAsia or AirAsia X (Premium Seats) destination
- 302N* stay in a 5-Star hotel at your selected destination
- 2x Nokia Lumia 1020

WEEKLY WINNER

Nong Sheau Cherg
This is the place I propose to my girlfriend! And the answer is YES!

WEEKLY WINNER

Muhammad Firdaus Abdul Shukor
First time playing snow. First time traveling together. First time to see her very happy. #honeymoon

WEEKLY WINNER

Mastura Maad
My husband took me here to celebrate my birthday. We at the beach, just another day in paradise!

WEEKLY WINNER

Ta Thi Thuy
The trip is a gift for my 70 year-old father who worked hard and never enjoy traveling before.

WEEKLY WINNER

Sundew Ong
How adorable and simple the kids are?

WON'T LEAVE HOME WITHOUT YOU!

National Squash Star, Wee Wern shares her Top Traveling Essentials

- **My Phone**
- It has everything in it, travel schedule, world clock, flight updates
- **My MacBook Air**
- Movies and TV series to keep me entertained. Sometimes I get some work done, such as answering interview questions and plan my schedule for my upcoming tourneys.
- **Book**
- Always good to have something to read whilst waiting for my flight or even on board.
- **Bottle of Water**
- I always buy a big bottle of water & get it sealed after customs so I can carry it with me on board. It's so important to keep hydrated especially on long flights!
- **My Pillow**
- I can't leave home without my pillow! I've had it since I was a baby & still go around with it now!

AirAsia.com



To us, photos like this are priceless. On the one hand, they reaffirm our belief that we are fulfilling a social contract and reassure us that, even after all these years, and after all our growth, we continue to remain true to our initial promise to make flying affordable; and to make dreams come true. More than that, by sending us these photos, our guests are inviting us to be part of their lives and to share moments that have been special to them. We feel honoured by this rare privilege to get closer to them.

This campaign is still ongoing, so to find out the results just visit our microsite. And while you are there, hop over onto our corporate website to check out flights to that destination you have always wanted to visit but somehow have not got round to... For that is another spinoff benefit of our social media platforms - they feed into our official website and help to create greater sales. With help from this 'feeder traffic', the AirAsia website is officially the most visited airline/travel website among all Malaysians, according to comScore, a leading internet technology company measuring the digital world and digital business analytics. Every month, we receive an average of about 146 million page views and 9 million unique visitors, and the numbers keep growing.

As they should. Given the fun and games, promos and prizes that we offer, there is much to 'Like' on AirAsia's social media. And if you haven't tried out our Facebook or other platforms yet, we suggest you do. Because as our fan or follower, you have everything to gain - not just as our friend, but as a member of the big and ever-growing and exciting AirAsia Community.

TOP 5 TRAVEL TIPS

by Zulfahmi

If you're planning a trip, here are some practical travel tips from our Moto3 Rider.

AirAsia

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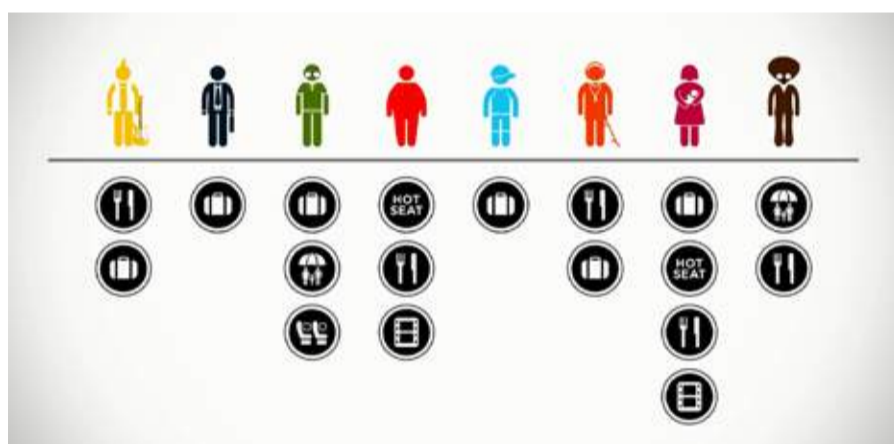
BUSINESS REVIEW

ANCILLARY INCOME

★★★★★

Monetising innovation

In May 2013, while the country was swept up in general elections fever, ads appeared all over town reminding people to 'Choose Wisely'. But the choice being offered had nothing to do with political parties. Instead, we were asked to tick from a selection of Pre-booked Meals, Pre-Booked Baggage, Pick A Seat, Comfort Kits and Insurance. Scrolling down to the bottom of the ad, all was explained – this was an advertisement for AirAsia's ancillary services!



Ancillary services are the add-ons that AirAsia offers to guests to make their travel that much more pleasant and memorable. With our business model, we have unbundled the elements of flying and require guests to pay only for the most critical element, namely seats on planes. Then, with ancillary, we bring back all the 'frills' that were stripped off and let our guests pick and choose those perks they would like, for minimal fees. This way, they pay for only what they want – in direct opposition to buying a whole multitude of services packaged together, many of which passengers have no interest in.

From a relatively simple selection when this started years ago, today guests can choose and book in-flight meals, where they would like to sit, how much baggage they would like to check-in... For a really special trip, they can even opt for the Red Carpet, which guarantees VIP treatment from the moment they check in till they pick up their baggage at their destination. And, if they are flying on two connecting AirAsia flights, they might have the option of the Fly-Thru service.

Ancillary services fulfil two equally important functions; firstly, they add to the quality of the AirAsia flight experience; and secondly, they create an additional revenue stream for us, typically at little or no extra cost. Although each service offering carries only a nominal fee, when multiplied by the millions of passengers flown by AirAsia, the resulting number is significant. In 2013 alone, ancillary income totalled RM853.2 million, marking an 10% increase from RM776.9 million in 2012.



OUR BEST-SELLERS

Food, being one of Malaysians' most favoured pastimes, represents one of our biggest ancillary earners, hence much thought goes into creating the right kind of menu that will tickle the buds of our guests. Festive seasons are often celebrated with new meals that add to the cheer. So during the month of Ramadhan, we delighted our guests with a special Raya combo of *nasi hujan panas* (flavoured rainbow rice), beef rendang and pickled vegetables, topped off with *wajik* (glutinous rice with coconut milk and palm sugar) as dessert – all for RM15, inclusive of water.



Why wait till you get off
to get your coffee?
Now available only on this flight.

OUR COFFEE

We've been working with a team of expert roasters to develop our special Altitude Blend™ to be made inflight. By lightly roasting high altitude beans from South America and Asia with richer 'A Grade' Robusta beans, we've created an intense blend with a sweeter, delicate mouthfeel. The result is a delicious, well-balanced espresso coffee that we're proud to put the T&CO name on.



ESPRESSO
RM 7

Single shot of our T&CO Altitude Blend. Espresso is a coffee brewed by forcing a small amount of nearly boiling water under pressure through finely ground coffee beans.



CAPPUCCINO
RM 8

A cappuccino is an Italian coffee drink which is traditionally prepared with espresso, hot milk, and steamed-milk foam. The name comes from the Capuchin friars, referring to the colour of their habits.



LATTE
RM 8

The classic espresso meets milk. The term as used in English is a shortened form of the Italian caffelatte which means "milk coffee".



LONG BLACK
RM 7

T&CO Altitude Blend served long. A long black is similar to an Americano which is made by adding hot water to the espresso shot.

Who is T&CO?

We're a bunch of travellers, entrepreneurs, roasters and all round coffee enthusiasts who believe life's too short for bad coffee and everybody deserves the good stuff. We started T&CO to create a better coffee experience for everyone, so whether you're on the ground or 36,000 feet above sea level, you can trust us to deliver a delicious coffee at the right price (and always with a smile).

*Product images are for illustrative purposes only.



Mee Goreng Mamak Kamal

Padat dengan
citarasa Malaysia!



Pra-tempah sekarang @
airasia.com

*Tertakluk kepada terma dan syarat.



creating greater uptake of the 20kg option. We also removed the 35kg category for domestic flights. The resulting tiered structure now is:

- International flights: 20, 25, 30 and 40kg
- Domestic Flights - 15, 20, 25, 30 and 40kg

This helped us increase our average daily baggage sales by 1% from RM1.001 million to RM1.077 million.

For Pick A Seat, a new zone was created, leading to a two-tiered pricing system with rows 6-11 tagged at RM10 and rows 15 onwards at RM6, while Hot Seat rows 1, 12 and 14 are priced at RM40 and Hot Seat rows 2-5 go for RM30. This has led to a 17% increase in average daily sales from RM180,000 to RM211,000, with the average daily revenue per guest increasing from RM17.20 to RM17.81.

Other guest-related services offered include the Red Carpet, as mentioned above, and Fly-Thru, which provides the convenience of transferring from one flight to another without the hassle of going through immigration, or having to re-check-in your baggage onto the second leg of your journey. This service requires technical and operational support systems, which are gradually being put in place across the Group. In 2013, we made progress with this expansion by enabling guests to literally Fly-Thru 20 new AirAsia sectors, adding to a total of 309 city pairs.

To market this service more extensively, we have been intensifying our Fly-Thru communication which is now also being driven out of Penang and Langkawi in Malaysia and from Indonesia, Thailand, China, Taiwan, Singapore, India and Indochina.

MONETISING OUR AIRCRAFT

In addition to ancillary products and services targeting our guests, we also make use of the physical space on our aircraft to earn additional revenue. We have been a pioneer in using our aircraft livery to market AirAsia and our services. Now, we are using the same space to advertise the products of third parties. Aircraft livery captures a wider reach or target audience compared to traditional billboards as each aircraft covers multiple destinations. An added advantage of livery advertising is the fact that people find aircraft fascinating and their attention is always



More permanent additions to the menu in 2013 include Uncle Chin's Sweet and Sour Chicken Rice, Spicy Fish Fried Rice and Vegetable Manchurian Rice. But the 'star' newcomer is a favourite of one of our Allstars - mee goreng mamak - which was even named after our aircraft scheduler, Kamal. To celebrate the launch of this new menu favourite, we organised a food tasting session with our bloggers community and members of the media. Their verdict? It's a close contender to Pak Nasser's nasi lemak and would certainly give our other crowd pleaser, the vegetable biryani, a run for its money.

To reduce wastage of food, and to ensure sufficient supply on board, we plan to make all hot food sales pre-booked. The initiative would create greater efficiencies while also driving up food sales as guests are more likely to pre-book in the knowledge that the alternative precludes the possibility of a hot meal during their flight.

Complementing our exciting food menu, we also introduced a range of T&Co brewed coffee options on board in 2013, equipping 11 of our aircraft with coffee machines to be able to serve the best gourmet cup to fans of the brew.

Other than inflight food and beverage, the two main drivers of our ancillary income are baggage and assigned seats. To leverage on these much-sought services, our team has been seeking to strike the optimum balance between price and demand.

In 2013, the tiered structure for baggage was revised while the price for each weight category was increased. As of end August 2013, we removed the lowest weight category (15kg) and a mid-category (35kg) for all international flights,

HASSLE-FREE CONNECTIVITY
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Fly from **Penang/Langkawi**

→ Guangzhou → Shenzhen

→ Hong Kong → Macau

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Book now till 10 Dec 2013. Travel Period: 6 Dec 2013 - 30 Apr 2014. Lowest fares only @ airasia.com

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- ✓ NO IMMIGRATION CHECK



drawn to them. As our guests board our planes, moreover, they get up very close to the aircraft and are able to take a good look at the messages emblazoned on them. Livery advertising was introduced aggressively only in 2013 and is already proving popular. During the year, we ran five livery advertising campaigns for: 1Malaysia, new social networking platform Mface, our affiliates Tune Talk and Tune Insurance, as well as Malaysian smartphone brand Ninetology.

Our aircraft belly space, meanwhile, is monetised by transporting cargo. AirAsia's fast-expanding route network and increased frequency of flights, coupled with our excellent on-time performance and competitive costs, combine to make AirAsia Cargo a sought-after value proposition. In the first quarter of 2014, AirAsia accounted for 7.52% of inbound and outbound cargo at Malaysia Airports, establishing us as the second largest cargo operator here. Our tonnage for the financial year 2013 increased by a significant 9.3%, higher even than the previous year's 6.4%, indicating a progressively stronger operation. AirAsia Cargo's strength lies in its young and dynamic team which is constantly looking for ways to increase efficiencies and enhance their service delivery. This was reflected in AirAsia Cargo winning the World's Best Air Cargo Industry Customer Care Award 2013 for the third consecutive year from Air Cargo Week (ACW), a respected UK-based air cargo news publication. The award is based on a global survey that polled industry peers and shippers.

TAPPING INTO OUR DATABASE

Finally, our ancillary business seeks to monetise the vast AirAsia database with non-travel products and services. Our website receives on average 145,596,235 views a month by 8,822,602 unique visitors who spend on average 8.56 minutes seeking mainly to travel but who are also open to suggestions on how they can best utilise their free time. Targeting such visitors, we offer AirAsiaRedtix - our marketing and sales arm for red-hot ticket events.

In 2013, AirAsiaRedtix ticketed 95 events, expanding its repertoire from live concerts, dance music festivals and theatre to include community

events and performing arts such as Viper Endurance Challenge 2013 and GeorgeTown Festival 2013. It was the ticketing partner for the biggest live music festival in Southeast Asia - the two-day Future Music Festival 2013, held at Sepang International Circuit, which was attended by more than 20,000 music fans; as well as big name acts such as K-Pop sensation G-Dragon, Metallica, Linkin Park, CN Blue and Dash Berlin; and stand-up comedians such as Kumar Live and Kings & Queen of Comedy 2013. AirAsiaRedtix also handled the ticketing of the Barcelona FC Tour of Malaysia which had a sell-out capacity at Stadium Shah Alam.

A highlight for AirAsiaRedtix was making inroads into Istana Budaya, by being appointed as the ticketing partner for five musical performances and theatre shows held at Malaysia's premier performing arts venue in 2013. These included the sell-out Konsert Lentera Timur Dato' Siti Nurhaliza and Yuna with the National Symphony Orchestra.

The year also saw AirAsiaRedtix sign a Privilege Partnership programme with VISA International to secure and manage live entertainment privileges for VISA's Infinite and Signature card members in Malaysia. At the same time, AirAsiaRedtix extended its ticketing partnership with Legoland Malaysia Theme Park for a second year to assist in recruiting and renewing Legoland annual passes.

In total, AirAsiaRedtix recorded more than RM12 million in ticket sales in 2013.

CREATING SYNERGISTIC PARTNERSHIPS

In 2011, we embarked on a new stream of ancillary business in which we partner with leading global organisations that have the kind of expertise or resources that can create amazing synergies with our own assets. To date, we have entered into three such joint ventures: AirAsia Expedia and our BIG loyalty programme, both of which leverage on our database, as well as the Asian Aviation Centre of Excellence (AACE), which builds on our existing training resources.



AirAsia Expedia is a joint venture with Expedia, the world's largest online travel agent, through which we offer guests the lowest-priced travel deals covering more than 400 airlines and 240,000 hotels worldwide. Operating in 11 markets within Asia-Pacific, namely Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam, AirAsia Expedia twins world-class service with a localised touch to really connect with its target audience.

BIG, managed by Think Big Digital - co-owned by AirAsia and the Tune Group - offers our guests the opportunity to earn free flights from flying with us or by using the services of any one of our merchant partners. In January 2014, we extended our partnership by tying up with Aimia Inc, a Canada-based global leader in loyalty management, in a move that foreshadows accelerated growth of BIG, which already has one million members.

Choose Wisely
Book today for tomorrow's flight

- Pre-book Meal** Why go hungry? Pick something to eat.
- Pre-book Baggage** Have different needs? Pick your baggage size.
- Pick A Seat** Want to sit together? Pick your favourite seat.
- Comfort Kit** Need a good rest? Pick yourself a comfort kit.
- Insurance** You deserve peace of mind.

Book now **Choose Wisely**

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Pre-book now at **MANAGE MY BOOKING** and save for your journey home.

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AirAsia

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Nasi Lemak Pak Nasser kami lengkap dengan sambal cili istimewa, rendang ayam, ikan bilis goreng, kacang goreng dan telur rebus.

A **RM12**

Kombo A
Nasi Lemak Pak Nasser + Kopi/Teh Tarik T&CO

Kombo B
Roti Canai + Kari Ayam + Kopi/Teh Tarik T&CO

Kombo C
Bubur Kekapis + Kopi/Teh Tarik T&CO

Kombo D
Penkek + Mentega & Sirap Mapel + Kopi/Teh Tarik T&CO

Untuk penerbangan AK tertentu sahaja

KOMBO SARAPAN PAGI PERCUMA **RM10**

B **C** **D**

AirAsia.com

AACE is a world-class aviation training centre which looks after all the training and development needs of the growing AirAsia Group while also training pilots and other aviation personnel from third-party airlines. In 2013, AACE was certified by the Malaysian Human Resources Development Fund (HRDF) as a non-technical training provider. This, and other initiatives, is expected to rapidly increase training activity at AACE, which truly strives to be a centre of excellence.

Fuller descriptions of all three businesses are presented in their individual write-ups in this annual report.

INTO 2014

Our ancillary business has made good progress over the years, growing steadily in line with increased conversion rates. However there is still much potential to take this revenue stream to a higher level with greater awareness of existing products and services as well the development of new offerings while enhancing our sales channels.

We are, therefore, intensifying our marketing and promotional efforts through effective public relations campaigns as well as more aggressive ancillary branding at our touch points, including our travel agents. We will also be promoting our services on roadshows and in infomercials, and will drive home the savings that guests can earn by pre-booking various services. At the same time, we are intensifying our reminder system - reminding guests by sms 24 hours before their flights of the many ancillary items they did not purchase and still can. To facilitate guests to make those last-minute purchases, we will be promoting mobile banking services and enhancing our direct debit payment channels.

In terms of new products, two very exciting initiatives are in their final stages of development and will be launched soon after this annual report is published. These are: Wi-Fi on board and innovative duty-free shopping.

The Wi-Fi offering, comprising a server, wireless network and satellite antenna, will enable guests to access the internet at 35,000 feet and stream video content via their own devices or on airline-owned tablets. Other than watch videos they can play games, shop, read interactive magazines and listen to a limitless selection of music. As they would at any other Wi-Fi-enabled location, our guests will also be able to email and send instant messages on board.

Our duty-free will offer shopping with a difference, as guests will not only get to buy on board but also pre-buy items online and collect these on their flights. Offering a wide selection of tobacco, alcohol, cosmetics, confectionary, fashion items and electronic items, this on-board and virtual mall will be supplemented by physical outlets in major cities among AirAsia's destinations. In keeping with AirAsia's philosophy of value for money, our fans and friends can look forward to many special promotions and deals allowing them to make their dream purchases at the most competitive rates.

We are also exploring the possibility of introducing a Hi-Flier programme, catering for corporate guests who don't mind paying a little extra for priority boarding, Hot Seats and fast-track immigration, all of which add to greater travel comfort and convenience.

Following on from our successful 'Choose Wisely' ad, we further promoted our ancillary offerings by focusing of their quality, but with a witty twist. Playing on celebrity chef Wan's complaint about being served 'telanjang' (naked) nasi lemak on board a full service carrier, we immediately came out with ads that flaunted our own 'lengkap' (fully 'equipped' or richly embellished) Malaysian dish. Our guests lapped up the little play on words, and sales of our already popular Pak Nasser nasi lemak shot up. On a more serious note, we are taking the concept of *lengkap* one step further, by embellishing our entire ancillary business with more products, greater service and better choice. Our aim is to hit an ancillary spend of RM50 per guest. By being *lengkap*, we surely can.



We Specialize In Food Packaging Materials

Food Packaging Materials

- PVC Food Wrap
- Catering Food Wrap
- Household Food Wrap
- Aluminium Foil, Steam Foil
- Aluminium Foil Tray, Foil Sheet
- Disposable HDPE Orii Glove, Latex, Nitrile & Vinly Glove
- Doyley Paper, Steam Paper
- Bento Tray, Foam Tray
- Oxygen Absorbent Pad
- Bag Sealer Tape & Dispenser
- Poly Netting Bag, Twist Tie
- Baking Paper, Grease Proof Paper
- OPS, PP Container
- Chopstick, Chopstick Cover
- Disposable Apron

“LET us take care of your
packaging needs”

Beauty & Slimming Products

- Bouffant / Hair Net / PE Cap
- Compact Facial Mask
- Disposable Bed Sheet
- Disposable Panties
- Paper, Non-Woven Face Mask
- Slimming Wrap

Others

- Air Bubble Pack
- Hand Wrapping Machine
- Impulse Sealer
- LLDPE Pallet Stretch Film
- Food Grade Decorative Item
- Absorbent Pad



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Website : www.polyon.com.my

Email : inquiry@polyon.com.my



AIRLINES CATERING

Sajian Ambang Sdn Bhd is an inflight and event caterer with a one-stop 100% halal food centralized kitchen center established since November 2007 by YB Senator Abdul Shukor Bin Hj Mohd Sultan and Mr Faisal Bin Ali.

Our focus has been on one thing and one thing only: quality meals with safety standard. In order to obtain the quality meals, we cooked and process every meal in a traditional way without using any premix, food dye or coloring, food stabilizer, artificial flavor or food preservative. The food will be cooked under suitable temperature to avoid any contamination, hazards and bacteria growth. In terms of raw material, we used fresh vegetables and fresh meat in order to make sure the freshness of the food. As for dry goods, we used spices and herbs to make our own paste instead of premix paste.

We have also maintained our highest standards of food safety and quality with ISO 22000:2005, Halal Certification from JAKIM and Premis A Bersih from Majlis Daerah Kuala Selangor, Selangor.

Among our valued clients: AirAsia Bhd, Kementerian Kesihatan Malaysia, Yayasan Kepimpinan Perdana, Majlis Bandaraya Shah Alam. If quality and halal is your concern, then Sajian Ambang Sdn. Bhd. is your choice.

Services we offer:

- Social Event
- Birthday Party
- Wedding Party
- Festival Event
- Cocktail Party
- Packed Food
- Corporate Event -Meeting
- Seminar
- Training
- Conference & Convention
- Contract Event -School
- College/University
- Factory
- Inflight Caterer - Designed few of AirAsia Bhd Signature meals

Please contact us for further information as per below:
Wan Ikbal Zainal Rashid, 019 409 0199
Ju Astika, 019 480 8099



SUSTAINABILITY REPORT

Taking little steps towards sustainability

As we have grown over the last 12 years, AirAsia has touched countless lives by fulfilling people's dreams to fly. In 2013, we made the 200 millionth dream come true by flying our 200 millionth guest, and the numbers keep increasing. Our own establishment was based on dreams – of our founders – to create a regional low-cost airline. What has enabled us to make our dream, and hence the dreams of millions of others, come true has been the development of a robust business model that keeps our costs low while maintaining the highest levels of operational efficiency, safety and customer delivery.



AirAsia Allstars and GE staff working with EPIC Homes

Our sustainability over the years has been nothing less than a function of staying true to our pioneering business model, and refining the processes that enable us to do so. This has meant constantly looking for ways to increase cost efficiencies, to further improve our services to delight our guests, and maintaining the highest level of corporate governance to sustain the trust and confidence of our key stakeholders. In the process of meeting our lean cost structure, we have had to look for ways to reduce our fuel burn, which in turn has contributed to minimising our carbon footprint hence to protecting the environment.

In other words, this Company has been built on the very same principles – of creating financial, social and environmental value – that are widely accepted as promoting corporate sustainability. To formalise our commitment to sustainability, however, and to ensure continued focus on key parameters that are critical to our future, we have outlined a Sustainability Policy that became effective on 15 February 2014. Since the launch of this policy, our Quality & Assurance Department has been made responsible for ensuring that we continue to align our strategies on matters relating to the environment, society and governance with our sustainability objectives.

One significant development that we have initiated expressly to create a greater impact on the communities that we serve is the AirAsia Foundation, which seeks to empower the marginalised and help them help themselves via social enterprise. We were inspired to do this by the realisation that we could use our own expertise in creating a viable, feasible and, most important of all, sustainable, framework for entrepreneurial success to help others do the same.

In this report, we will describe our varied actions that promote our sustainability within the four main categories of the Community (Touching Lives, Enhancing Livelihoods), Workplace (Empowering Our Allstars, as They Empower Us), Marketplace (Making our Mark in the Marketplace) and Environment (Protecting the Environment: an Integrated Approach).

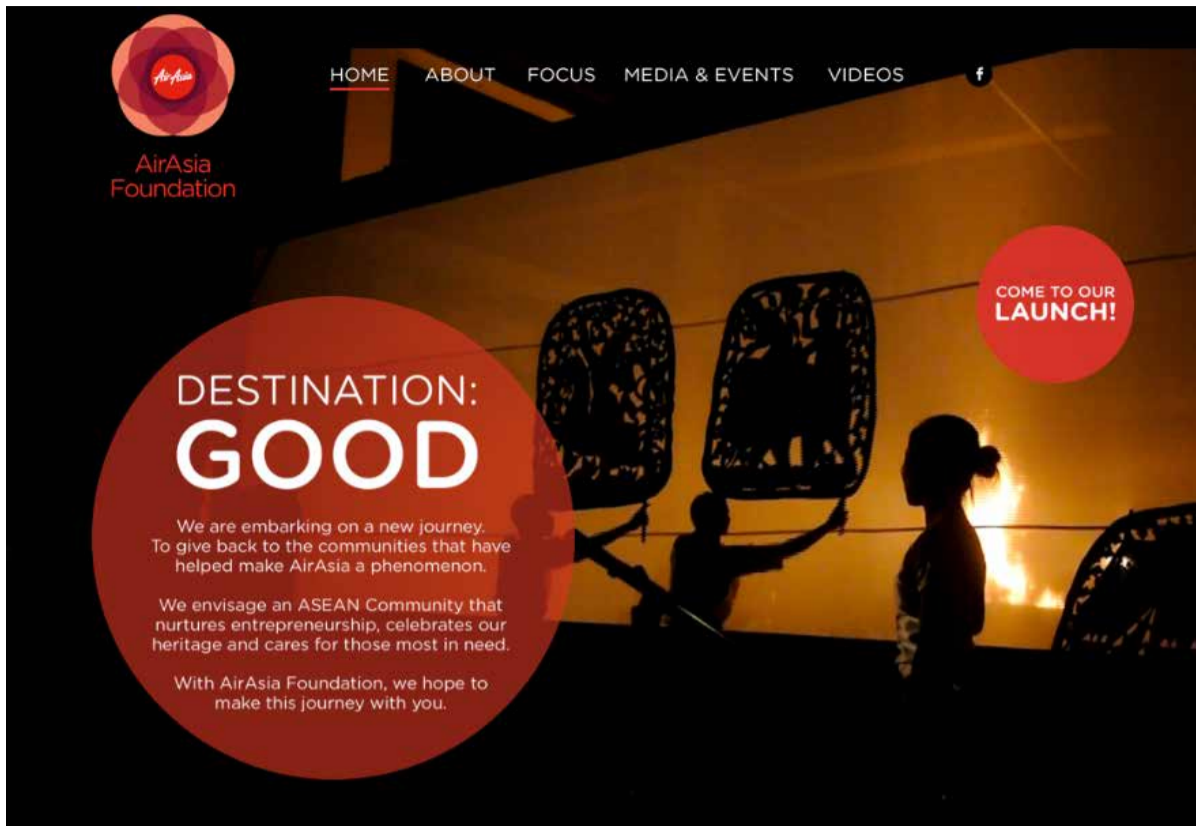
TOUCHING LIVES, ENHANCING LIVELIHOODS

The more we have connected with the communities that we serve, the more we have been inspired to support their development in ways that are meaningful and sustainable. In March 2012, we took a decisive step towards this end by setting up the AirAsia Foundation, which is mandated specifically to empower the disenfranchised. In addition, we have a tradition of helping the underprivileged and needy, often with Allstars joining forces to spread cheer and goodwill. We also provide critical air transport for those affected by natural disasters, and have flown Malaysians out of areas where safety has been undermined by political conflict.

AIRASIA FOUNDATION



The AirAsia Foundation promotes social enterprises in Asean, defining social enterprises as businesses that trade in goods and services in order to fulfil a social goal whether it be addressing poverty, creating opportunities for the underprivileged or preserving dying trades. These businesses are further distinguishable by the fact that they reinvest all or part of their profits to achieve their social mission. AirAsia supports social enterprises through our Foundation because they represent a sustainable approach to empowering underprivileged communities, while also reflecting the Company's values of entrepreneurship, equal opportunity and innovation.



Arkom Kotagede Old City Conservation Project



Mapping workshop

Kotagede is the site of one of the oldest walled cities in Java which dates back to the 16th century Mataram Empire and contains within its ramparts ancient bathhouses, temples, tombs and traditional houses. The area is also home to artisans such as silversmiths and gamelan musicians. Kotagede's heritage, however, is rapidly eroding as a result of intensified development and a weakening of generational links between community members who have lived all their lives in Kotagede and those who grew up outside the area. Economic hardship is also forcing an increasing number of the original residents to sell their traditional homes. Even worse, the older structures in this walled city have been damaged over the years by natural disasters, most recently the 2008 Yogyakarta earthquake and 2010 eruption of Mt Merapi.

This heritage conservation project, which kicks off with a grant of US\$66,985, has identified artisan clusters and sites of historical interest within the community of 240 families in Jagalan Village. Action plans are now being drawn up to: renovate a heritage house to be used as a community space; map out historical walks; and invest in capacity-building of the artisanal groups. By combining the resources of community groups and tourism players, the idea is to develop the heritage tourism potential of Kotagede in a responsible and sustainable manner. Successful cultural tourism here would further serve as a model for other restoration projects in the Asean region.

Since its establishment, the Foundation has received numerous applications for grants via its website, www.airasiafoundation.com. The volume of these applications meant that the first six months of the year were spent on evaluating these. To be eligible for an AirAsia Foundation grant, organisations are required to have been active in their field of work for at least two years, with plans or strategies for further expansion. In addition, the following criteria were used to guide the selection process:

- The project's ability to address its social mission
- The total number and income levels of the beneficiaries
- The sustainability of the undertaking
- The potential to benefit from linking up to any aspect of the AirAsia network

With the guidance and approval of its Council of Trustees, the Foundation selected three launch projects in Malaysia, Indonesia and the Philippines, which have been granted seed funding and business advisory support. The three grantees are: the Tonibung Renewable Energy Revolving Fund, Arkom Kotagede Old City Conservation Project and Rags2Riches Artisans for Asia.

Tonibung Renewable Energy Revolving Fund



Building the reservoir tank.

Under this project, a revolving fund has been set up with an initial grant of US\$19,000 to finance micro-hydro projects in remote indigenous villages across Malaysia. The project kicked off with a pilot scheme in which a 10kW turbine was purchased for lease to 22 Orang Asal (indigenous community) households in Kampung Tiku that do not have access to the national power grid. As the villagers repay their interest-free loan over a period of three years, their capital will be re-invested to purchase new turbines to be leased to other villages.

The project is expected to have deep and long-lasting impact as cheap and clean renewable energy will empower the villagers to: 1) reduce their expenses on kerosene and diesel, and spend more on nutrition and health; 2) engage in small-scale enterprise such as rice milling, and produce processing and packing; 3) refrigerate fish, meat and vegetables so they remain fresher for longer; 4) make use of lighting at night to engage in supplementary income-generating activities; 5) operate power tools to ease their burden of work; and 5) reduce air and noise pollution resulting from the burning of fossil fuels.

Rags2Riches Artisans for Asia



Rags2Riches Artisans at work.

Rags2Riches is a Manila-based social enterprise that trains artisans to create fashion and home accessories made out of up-cycled scrap cloth. Under this project, a grant of US\$13,275 will be used to provide about 100 artisans from three communities with market insights, product development techniques and access to market through the Rags2Riches and AirAsia networks.

The project involves an orientation session for the new artisans facilitated by existing Rags2Riches artisans, followed by a workshop to develop the skills and materials used by the artisans so they are able to produce high-quality products. The new artisans will also be given the opportunity to link up with other artisans within the Rags2Riches network and earn a regular income as Rags2Riches weavers. Finally, the artisans will also receive training on nutrition, healthcare and life skills such as financial management.



SUPPORT IN TIMES OF CRISES

In times of natural disaster or political crises, AirAsia has always been quick to provide emergency aid and, where needed, relief workers. This was seen during the year in our response to Typhoon Haiyan in the Philippines as well as rescue missions to bring home Malaysian students stranded in Egypt when anti-government protests escalated into violence and a state of emergency.

To Philippines with Love Campaign



When Typhoon Haiyan struck the Philippines on 8 November 2013, wreaking widespread damage and destruction across the Visayan Islands, AirAsia was one of the first airlines to operate humanitarian flights into some of the worst affected areas. Within the first week of the disaster itself, AirAsia had sponsored over 5,000 free seats and 400 tonnes of cargo space for relief operations. Taking our commitment one step further, AirAsia carried out a regional fund-raising campaign, collecting public donations in behalf of the Philippine Red Cross for post-disaster rehabilitation activities. We managed to raise US\$1.04 million over a six-week period, a figure that was matched by the Group to further increase our contribution to critical rehabilitation efforts.

US\$800,00 of the Group's US\$1.04 million donation was channelled, via the AirAsia Foundation, to Habitat for Humanity to rebuild new disaster-resilient homes (that are able to withstand earthquakes measuring 8 on the Richter scale and wind speeds of up to 250kph) to be allocated to families according to a needs-based list compiled by the Philippine Department of Social Welfare and Development. The balance of the Group's matching funds was channelled towards creating new livelihood opportunities for vulnerable survivors through Hapinoy, a social enterprise that enables poor households to set up small neighbourhood convenience (sari-sari) stores, and Rags2Riches, a social enterprise grantee of AirAsia Foundation, to train unemployed women in typhoon-affected areas.

From Cairo to Home

In August, AirAsia X chartered special flights from Cairo to Kuala Lumpur to bring home Malaysians studying in Egypt's capital, which was embroiled in political unrest. In total, the airline flew 1,110 students back to safety in three separate flights.

REACHING OUT TO THE COMMUNITY



AirAsia and our affiliates continue to lend a hand to the underprivileged and needy, often with the full participation of our Allstars. A number of projects target children, with a strong focus on providing them with opportunities to expand their exposure and experience so as to inspire them to lead fuller, richer lives. The ethos of giving is set by our top management, this year seeing CEO Aireen Omar take time off from her schedule to teach two classes at a secondary school in Penang under the Teach For Malaysia programme. It was an experience she cherished and would like to be able to repeat.

Our Children, Our Future



In 2013, we organised various activities for a total of 600 underprivileged children from across the peninsula and East Malaysia. Almost all the programmes involved flying the children to Kuala Lumpur for events, the flights themselves counting as highlights of the trips as most of the children had never flown before. We were pleased to observe how a number of the young ones who were introduced to the aviation industry expressed real interest in pursuing careers in this sector.

We flew 56 underprivileged children from East Malaysia to attend the 56th Merdeka Day celebrations in Dataran Merdeka, Kuala Lumpur. The children came from Rumah Anak Yatim Darul Bakti, Rumah Anak Yatim Tambunan and San Damiano Hostel in Sabah and Kompleks Kewajipan Laila Taib in Sarawak.

On a separate occasion, we flew 40 children from Rumah Anak Yatim Tambunan to Kuala Lumpur to take part in Project Hope, organised by the World Marketing Summit Malaysia 2013, an initiative to alleviate poverty and uphold human dignity through marketing principles, theories and models. On board, the children were entertained by the flight attendants with various activities including a special magic show and were even given the chance to enter the A320 aircraft cockpit.

We also took 100 children from Kg Olak Lempit, Banting to the Asian Aviation Centre of Excellence (AAE) in Sepang where they learnt what pilots, flight attendants and other AirAsia Allstars do. The children loved being able to sit in our flight simulators, and were also interested in safety procedures.



During Ramadhan, 50 orphans were flown from Penang, Perlis and Alor Setar for their first ever trip to Kuala Lumpur, were taken on a tour of the capital city, and treated to a Hari Raya Aidilfitri programme organised by Gala TV Astro Awani, with AirAsia as the official airline. Our Ramp WOW Team prepared a hearty spread of dishes for Iftar (breaking of fast) for 40 orphans at the Low-Cost Carrier Terminal (LCCT), where they were delighted by the presence of celebrities and members of the media. Finally, we hosted 100 children from Asrama Sabak Bernam, Tara Bhavan Home and Ti-Ratana Home to a breaking of fast ceremony in Kuala Lumpur.



Continuing our partnership with the Singapore-based Make a Wish Foundation - that grants wishes of children with life-threatening diseases - on 26 August, we flew six-year-old Mushia Lok and her family to Hong Kong, to fulfil the girl's dream of visiting Disneyland.



AirAsia X leveraged on Virgin Group founder Sir Richard Branson serving on one of its flights from Perth to Kuala Lumpur - having lost a wager to AirAsia Group CEO Tan Sri Dr. Tony Fernandes - by designating it a charity flight and raising money for the Starlight Children's Foundation. Our long-haul arm contributed AU\$100 from each seat sold to the organisation that is dedicated to brightening the lives of seriously ill and hospitalised children. It also donated 10% of all inflight sales to the Foundation. Playing its part, our BIG loyalty programme ran a Tweet2Donate BIG social media campaign to raise more funds for the charity foundation. The entire initiative raised a total of more than AU\$200,000.

In December 2012, AirAsia X had donated 30 laptops to the Chandi Devi Primary School in Dukuchhap, Lalitpur in collaboration with non-profit organisation OLE Nepal, while also providing the network equipment, a power backup system, and funds to train the teachers to implement laptop-based teaching. In 2013, eight teachers underwent the requisite training conducted by OLE Nepal to teach English, Nepali, Mathematics and Science using online material. Use of laptops in the school has caught the imagination of the students and increased their interest in the subjects taught. This, in turns, has resulted in improved attendance, which will go a long way towards supporting the children's academic progress.



TAA's contribution to Kidzania in Bangkok



IAA organised 'career day' in collaboration with Kidzania in Jakarta

Meanwhile, our Thai and Indonesian affiliates have been supporting edutainment organisation Kidzania in its efforts to inspire career ambitions in young ones. Thai AirAsia donated an aircraft and mini air crew uniforms to the newly opened

Kidzania in Bangkok to enable children to feel what it's like to be a pilot, member of the cabin crew or even ground staff. Indonesia AirAsia organised a number of 'career days' for underprivileged children in collaboration with Kidzania in Jakarta.



Thai AirAsia also collaborated with Buddhist organisation Sathien Dhammasathan to sponsor the flights of young girls to Kolkata, India to be ordained in the birthplace of Buddhism upon completion of their theology studies in Thailand. The two-week trip from 30 March to 12 April included a pilgrimage to Buddha's birthplace, the venue of his first sermon, as well as the site of his enlightenment.

Caring the AirAsia Way



Allstars and GE staff working with EPIC Homes

A number of other initiatives were undertaken to uplift lives and contribute in a meaningful way to communities around us. For example, 20 Allstars from the region, together with General Electric (GE) staff rolled up their sleeves to work with EPIC Homes over three days from 5-7 July to 'Build A Home' for an Orang Asli family in Batang Kali, Selangor. Our Allstars in Kuching, Sarawak collaborated with the Malaysian Armed Forces to donate blood to the Sarawak General Hospital.

In Thailand, our associate flew army mothers from the north-eastern region to visit their sons stationed in the south on Mother's Day, 9 August. Thai AirAsia also teamed up with Don Mueang Airport to arrange a special Bangkok-Chiang Mai flight for persons with disabilities to showcase the airline's readiness to facilitate travel for the physically challenged. The flight included a tour of religious sites in Chiang Mai and the Chiang Mai Night Safari, which was much appreciated by the participants.

SUPPORTING SPORTING TALENT



Zulfahmi Khairuddin



Low Wei Wern

AirAsia has a tradition of promoting sports, and particularly of supporting budding talents in Malaysia and the region as we believe Asean sportsmen and women have what it takes to be world champions. During the year, we adopted our second rising Malaysian star, after MotoGP rider Zulfahmi Khairuddin whom we have been supporting since his 2009 debut race at the Malaysian Grand Prix - No 2 national squash player, Low Wee Wern. Low Wee is currently ranked sixth in the world, having won three Asian Junior Championships and the prestigious British Junior Open.



We also continued to nurture young regional talents in badminton via the AirAsia Badminton Academy (AABA), established in September 2012. In 2013, AABA held a one-day complimentary badminton coaching session for players in Bangkok, Thailand with plans for similar classes in Singapore, Malaysia, Indonesia and the Philippines. Bringing together players from the region, AABA hosted its inaugural International Junior Badminton Championships from 15-17 November at the SP Forum 19 Badminton Court in Petaling Jaya, Malaysia with categories for boys and girls Under-12, Under-16 and Under-21.



In football, on 24 July, we signed a three-year sponsorship agreement worth S\$1.8 million with the Football Association of Singapore (FAS) which includes flying the Under-21, Under-23 and senior national men and women's teams for away games while also offering attractive fares for football fans to attend away matches.



QPR Coaching Clinic Tour in Shah Alam

A definite highlight for under-16 footballers in Malaysia and Singapore was the ability to train with Queens Park Rangers (QPR) FC, which conducted a 10-day Coaching Clinic Tour 2013 in November to develop football at the grassroots level in the two countries. The most promising player was chosen to visit Loftus Road in London, meet the QPR first team and enjoy a day at the club's Academy.

EMPOWERING OUR ALLSTARS, AS THEY EMPOWER US



Open space workplace at Redfort, LCCT

Anyone who walks into Redfort, as we call our headquarters at the Low-Cost Carrier Terminal in Sepang, Kuala Lumpur will immediately sense the buzz of a vibrant and dynamic work culture, one that encourages the free exchange of ideas and opinions with no distinction of rank or position. There are no barriers; all Allstars, including our CEO, sit in one big, open space. Everyone is treated as equals and given equal respect; we believe in true meritocracy and reward individuals for their performance.

Our distinct fun yet high-performance Allstar culture permeates all operations across all associate and affiliate companies within the Group. This culture is shared with key hires in Malaysia, Thailand, Indonesia, the Philippines and India, who are sent to Redfort on a familiarisation programme. In addition to absorbing our high-octane work environment, they get to observe activities at airside, and spend time at the ACE in Sepang to observe how other new hires quickly tune into the AirAsia style of handling operational needs.

In addition to constant informal dialogue and discussions, we engage with our Allstars via more structured programmes, such as our frank face-to-face focus groups called Cheeks To Ground, in order to understand from them how we can further improve their respective work areas. Email blasts are sent Group-wide to keep Allstars posted of significant events, while our *Hello From Asean* newsletters keep the entire Group in touch with political, social and financial news from around the region, particular on developments that may influence the aviation industry. Special Pilot's Dialogue sessions are held every quarter to obtain feedback from this group of Allstars who spend most of their time away, as well as to update them on happenings within the Group.

TRAINING & TALENT DEVELOPMENT



We offer various training and development opportunities throughout the year that enable our Allstars to unleash their full potential and create the kind of dream careers they envision for themselves. These include basic programmes on communication, business writing, the use of Excel spreadsheets and presentation techniques, that equip our Allstars with broad skills to perform their functions more effectively; to more specialised programmes to develop higher level talents in their functional areas.

We are investing in an e-Learning Management System with the aim of eventually offering our Allstars blended learning, namely classroom lessons combined with self-study, to fulfil our operational needs while allowing for learning to take place on the move, anywhere. This would hasten the learning process, provide added convenience to our Allstars and save on costs.

As part of our talent development pipeline, we conduct twice yearly Talent Reviews to identify Allstars who show particularly high potential. These Talent Reviews complement our succession planning for various key positions, while also enabling us to identify 'specialists' who can be groomed within their fields to become experts. Special career plans are discussed with High Potential and High Performance talents in order to provide sufficient incentives for them to remain and grow with AirAsia.

ORGANISED ACTIVITY

There are numerous clubs and organisations within AirAsia which, together, cater to almost all interests and abilities.



In 2013, the Allstars Outdoor Club organised the Biggest Expedition Climb on 27 April, which saw 64 Allstars from across the Group get together to scale Mt Gede and Mt Pangrango, twin volcanoes in West Java, Indonesia connected by a high saddle at 2,400m known as Kandang Badak. Before the climb, our Allstars contributed to the Ministry of Forestry Indonesia's *One Million Trees Campaign* by planting *alpukat* (avocado) and *nangka* (jackfruit) trees in the forest reserve. Avocado and jackfruit are a major source of income for the locals.



Catering to fitness buffs, a Bootcamp is held every Thursday - come rain or shine - while members of the Running Club train almost every day either in Putrajaya or around the ACE. Their reward is a place in the Gold Coast International Marathon as well as Borneo International Marathon.



Promoting a healthy lifestyle more generally, yoga classes are held every Wednesday, and thorough health checks are offered to Allstars twice a year - which test their eyes, bone density, cholesterol level, blood pressure, etc. Breast checks by qualified doctors are also organised at Redfort and all AirAsia hubs. To help minimise work-related physical stress, we invited TAGS Spine & Joint Specialist to provide free consultation to our Allstars. And, as a special treat to our hard-working Allstars, we even organised a free spa and head and shoulder massage in the office.



Regional Meets



Allstars Regional Golf Tournament



Allstars Regional Basketball Tournament

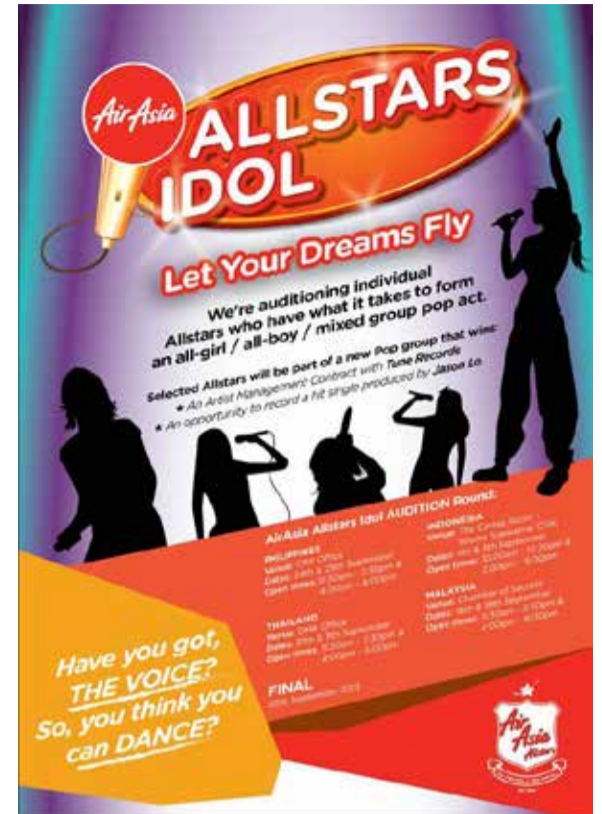


Allstars Regional Futsal Tournament

During the year, the following regional tournaments were held:

- Allstars Flexpro Regional Badminton Tournament - on 2 March at Forum 19 badminton hall, Petaling Jaya, Malaysia
- Allstars Regional Paintball Tournament - on 20 April at Club 11 BBGun in Bangkok, Thailand
- Allstars Regional Golf Tournament - on 29 May at Cengkareng Golf Club in Jakarta, Indonesia
- Allstars Regional Basketball Tournament - on 7 June in Manila, the Philippines
- Allstars Regional Bowling Tournament - on 7 September at the Cosmic Bowl Mid Valley, Kuala Lumpur, Malaysia
- Allstars Regional Futsal Tournament - on 4 October at the LCW Sports Arena in Sentosa, Kuala Lumpur, Malaysia

AirAsia Idol



There is no end to the sense of fun at AirAsia, and the fact was brought home in 2013 through the AirAsia Allstars Idol singing competition. The objective: to form an Allstar pop group. The process: a fun-filled month (September) of auditions and competitions that attracted the participation of 96 Allstars from Thailand, Indonesia, Malaysia and the Philippines. The final round, called the AirAsia Allstars Idol Concert, was held on 18 October at the AACE in Sepang. Of the 29 performers, the judges - Group CEO Tan Sri Dr. Tony Fernandes, Executive Chairman Datuk Kamarudin Meranun, CEO of Tune Hotels Mark Lankester, CEO of Tune Talk Jason Lo and CEO of Tune Studios Jeremy Little - selected 12 contestants for vocal training at an Idol Boot Camp which was held over four days at Tune Studios in Klang. The contestants then recorded a song in a studio for final evaluation. Best of all, the AirAsia Allstars Idol pop group has been born, and made its debut performance - when the members' identities were also revealed - at the Company's annual dinner on 13 December.



EMPLOYEE SAFETY



We believe in keeping our Allstars safe at all times – at work and away. We have therefore implemented various systems and procedures to ensure a safe work environment while sporadic programmes and talks on personal safety are organised. This year, the latter included a Japanese martial arts class conducted by Yoshinkan Aikido Malaysia.

In terms of work safety, no less than eight Safety Management System (SMS) classes are held a month for newcomers and existing staff. The programme is compulsory for newcomers while others - pilots, cabin crew, guest service officers and Allstars who work the ramps as well as other departments – may also attend to refresh their knowledge. In mid-2013, the Incident Reporter (IR) system was introduced at one of these classes. IR is to help Allstars report any safety incident observed, and complements the existing SMS. Incidents reported are recorded while all major incidents are discussed at monthly Safety Review meetings. To further instil safety awareness, safety newsletters are distributed every quarter.

We believe in empowering our Allstars because they, in turn, allow us to forge ahead to achieve our corporate goals. The emphasis we place on our Allstars, and the positive reinforcement we provide for them to progress in the Company, has led to AirAsia being selected by HR Asia Magazine as one of the Best Companies to Work for in Asia 2013. This was followed by being voted the Most Popular Graduate Employer For Leisure, Travel & Hospitality 2013 by GTI Media, the second consecutive year in which we have received this honour.

MAKING OUR MARK IN THE MARKETPLACE

Our successes to date have been the result of much creativity and innovation, especially in developing a business model that has withstood the test of time. Equally as important, however, has been our unwavering commitment to the highest principles of transparency and corporate governance.

Led by our Board of Directors, which itself is governed by a Board Charter, AirAsia is guided in all our practices and operations by a number of policies that adhere to global best practices. These include a Code of Conduct, Auditor Independence Policy, Risk Management Framework and Policy, Whistleblower Policy, Corporate Disclosure Policy and Conflict of Interest Policy. Together, these ensure not only that we maintain the highest level of integrity in our dealings with all stakeholders but also that we safeguard the investment of our shareholders via sound risk management.

While adhering to these policies, we further assure our sustainability by continuing to enhance our operational efficiencies, our customer service delivery and the quality of our engagement with our shareholders and the investing community more generally.

CONTINUOUS IMPROVEMENT PROGRAMME



In 2010, we launched a Continuous Improvement Programme (CIP) with the aim of streamlining our business processes and inspiring our Allstars to work towards greater operational efficiency as well as productivity. In 2012, as part of the CIP, we entered into a five-year agreement with GE (up to June 2017) to set up and implement a Lean Six Sigma programme at AirAsia and to outline a Cost Out Avoidance (COA) programme to achieve US\$20 million in savings by 2017.

Under the Lean Six Sigma programme, more than 450 Allstars have completed various training modules, with two Allstars being certified with Black Belts and 14 receiving Green Belts in the third quarter of 2013. The programme includes a Change Acceleration Process (CAP) which is being instilled throughout the Group via CAP Coaches Workshops which develop the knowledge and skills necessary to use CAP Tools and Processes. In addition, we have developed our own Station Excellence Programme (StEP) to implement Allstar-driven quick yet effective change at our stations. During the year, 29 StEP workshops were held at different stations to train executives and non-executives on the basics of problem solving.

Over and above the training, various Group-wide initiatives have been implemented, positively impacting the entire value chain of our operations, from our guest interfaces to on-ground activity, and ramp to flight operations. Just in 2013, seven CIP/COA projects were completed in various departments across the Group leading to a total of US\$976,000 in savings.

A milestone achievement during the year was rolling out the first element of the merlot.aero airline management system in Malaysia in March. The system integrates airport operations, fleet control, flight dispatch and crew scheduling, allowing us to optimise our crew and aircraft utilisation to further enhance our on-time performance and minimise costs. As it is cloud-based, the system is accessible via the internet anytime and from anywhere.

AN ENHANCED GUEST EXPERIENCE



Our guests are our No.1 priority, and we make every effort to ensure their entire experience with AirAsia, from the time they book their flight to the time they leave the airport at their destination, is as pleasant and smooth as possible.

In 2013, several initiatives were launched to further enhance our service delivery. Online, we are providing quicker access to livechat for queries pre or post-booking; and we have extended the range of online booking to include special assistance services such as wheelchairs.



Self-tag kiosk

At our terminals, we have rolled out the Red Carpet service at more airports; we have invested in new vehicles and lounge facilities; we extended the Fly-Thru service to cover more routes; and introduced an entirely new service – baggage self-tagging. As of 25 June, the Fly-Thru service has been implemented for guests travelling from Kolkata and Tiruchirappalli to Singapore, allowing them to connect to their onward AirAsia flight to Singapore through Kuala Lumpur without having to re-check-in either themselves or their baggage. On 18 October, we launched the first baggage self-tagging service in the country, reducing the time spent by guests



queuing at the baggage drop counter. The service was initially launched at the LCCT but has since been implemented in Kuching and Kota Kinabalu and will be progressively rolled out in KLIA2 and other airports in 2014.

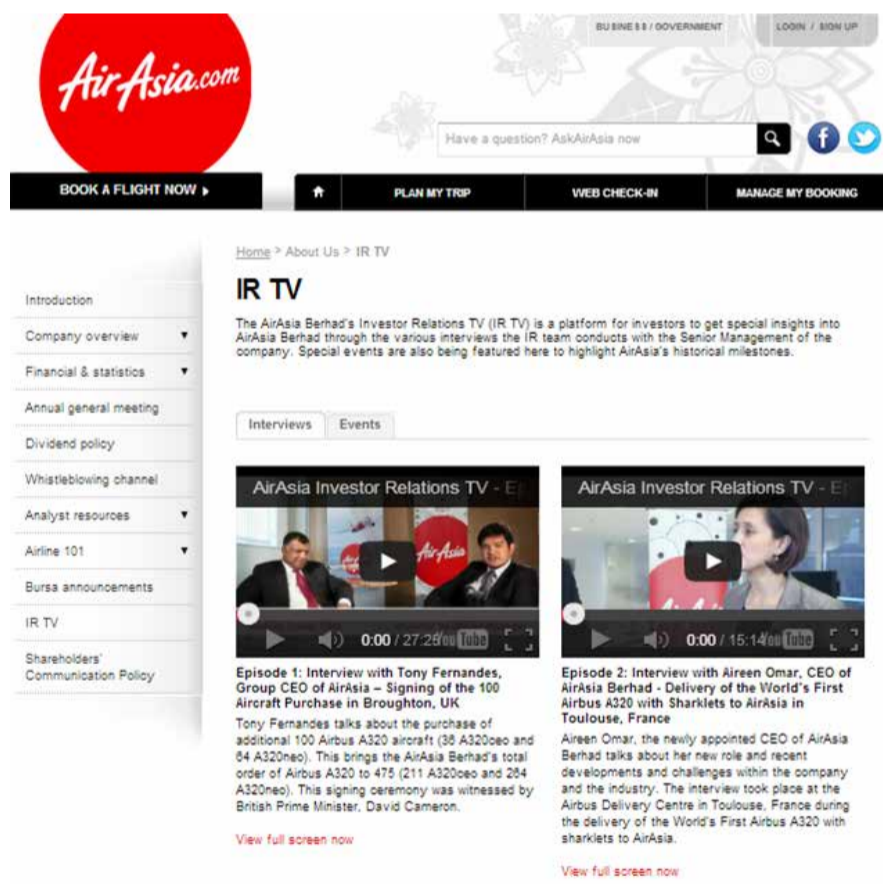
Just as this annual report was going to print, we introduced yet another first in terms of self-service products – mobile boarding passes for domestic travel in Thailand. This allows guests without baggage to bypass the counters and airport queues entirely.



Clearer and simpler baggage policy

Supporting these initiatives, we have developed a clearer and simpler cabin baggage policy to add to guests' convenience, and we've managed to enhance our disruption recovery measures to get our guests where they need to be more quickly on the occasion it does go wrong. Group-wide, we have more than 2,500 guest service Allstars on the ground handling over 100,000 guests a day across more than 90 airports. To maintain a consistently high level of service, these Allstars attend refresher training every year.

INVESTING IN BETTER RELATIONS



AirAsia IR TV

AirAsia acknowledges the importance of maintaining open channels of communication with the investing community, and regularly engages with analysts in one-on-one sessions as well as by attending local and international investment conferences. At the same time, all relevant information on the Company's financial performance – our quarterly and annual results, Bursa announcements and annual reports – are easily accessible on the AirAsia website. Within the Investor pages of the website are also our Operating Statistics, Punctuality Figures, Five-year Highlights and Investor Relations TV episodes in which we interview our top management for their views and updates on the Company's performance, strategies and direction.



AirAsia IR Twitter (@AirAsia_IR)



Tweet on the upcoming AirAsia IR Mobile App

To engage more 'socially' with our IR community, in 2013 we launched the AirAsia IR Twitter, https://twitter.com/AirAsia_IR, through which we provide general Company updates, IR updates, our financial results and operating statistics. Meanwhile, we have been working on an AirAsia IR app, containing all the info posted on the IR website as well as videos of special events, which will be launched at the upcoming annual general meeting (AGM).



Analysts' visit to the Airbus A320 Final Assembly Line in Tianjin, China



Analyst engagement in 2013 also saw us organise a trip for them to the Airbus A320 Final Assembly Line in Tianjin, China. Such initiatives, as well as our transparency, led to AirAsia being selected—for the third year in succession—as the recipient of three coveted excellence awards by Corporate Governance Asia: the Best Investor Relations Company for Malaysia, Best CEO for Malaysia and Best Investor Relations Professional for Malaysia. The Malaysian Investor Relations Association Berhad (MIRA), meanwhile, recognised AirAsia as having the Best Investor Relations Website (Mid Cap) in 2013.



PROTECTING THE ENVIRONMENT: AN INTEGRATED APPROACH

As an airline, we acknowledge our responsibility to ensure our operations are as fuel-efficient as possible so as to minimise our carbon footprint and support global efforts to mitigate climate change. Fuel-efficiency is, in fact, central to our lean business model as it plays a critical role in keeping our costs under control.

In addition to adhering to fuel-efficient practices in our aircraft, we are ensuring that all other aspects of our operations are also environment friendly. All AirAsia vehicles operating inside the terminal have filters for their exhaust pipes. Currently 13% of our vehicles meet the European Step III exhaust gas regulation and we are progressively replacing non-compliant vehicles with new ones that meet these global standards.

To ensure an environmentally sound value chain, we encourage our vendors to apply for Forest Stewardship Council certification, and will in the near future make such certification mandatory.

All waste is managed appropriately. Engine parts, scrap aircraft propellers and even battery parts are sold to a licensed scrap metal company which employs a Total Scrap Management System to maximise the recyclable value of this form of waste. Meanwhile, recycling bins have been placed around the office to collect used paper and cardboard items, which are subsequently sold to a vendor.

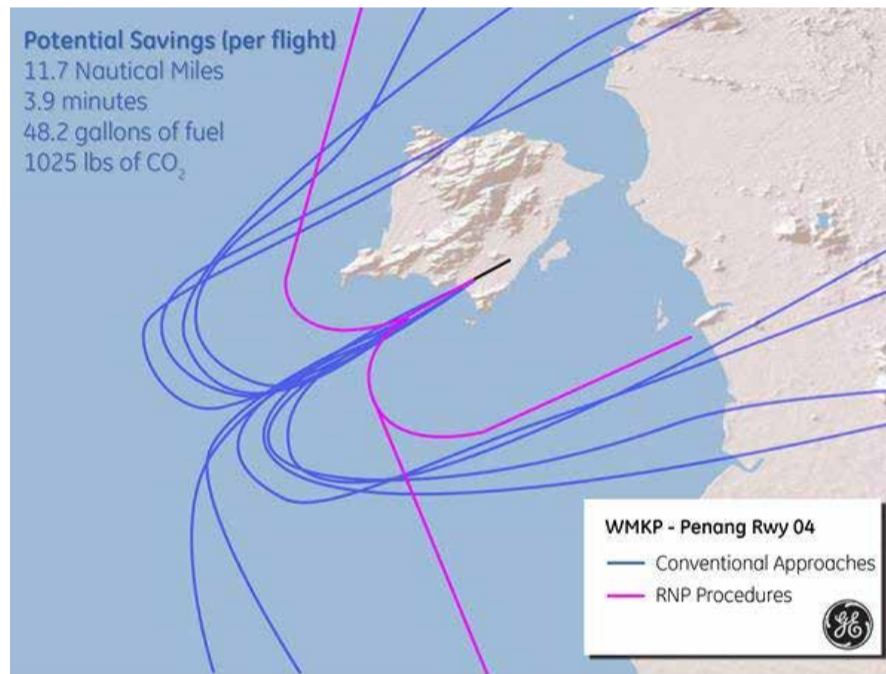
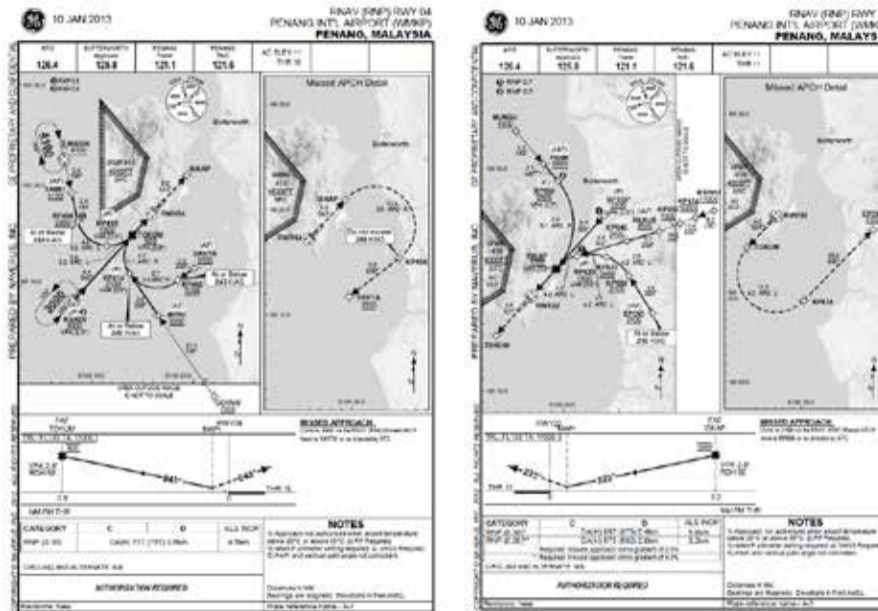
Allstars who handle airside operational waste, such as oil and excess fuel waste from aircraft, make use of facilities available to meet environmental requirements. Environmental Scheduled Waste Management Awareness Training is conducted yearly, in line with the Environmental Quality Act (EQA) 1974, OSH Act 1994 and Annex 16 to ICAO. Every year, we also conduct Environmental Training and Inspection at all domestic stations to familiarise our Allstars with proper processes in scheduled waste management and disposal. At the Kuala Lumpur station, Environmental Assessment Audits are conducted every month.

FULL FOCUS ON FUEL EFFICIENCY

AirAsia takes fuel efficiency so seriously, we have a dedicated team that constantly looks for ways to reduce every drop of fuel burned. In 2013, our total jet fuel consumption increased by 11% from 584,866 tonnes in 2012 to 644,595 tonnes. However this was more a reflection of our fleet expansion by five aircraft, rather than our fuel efficiency. The addition of the new aircraft has lowered our average fleet age to three years, making us one of the youngest airlines in the region with, therefore, the greatest potential to keep our fuel efficiency high.

Below are some of the initiatives adopted to reduce our fuel burn on flights.

RNP AR - Operational Approval



Since 2012, we have been collaborating with GE Aviation and the Department of Civil Aviation (DCA) of Malaysia on a nationwide flight path programme. In November 2013, based on successful validation of the flight paths in Penang, the DCA approved the first Required Navigation Performance Authorisation Required approach (RNP-AR APCH) in Malaysia. Other than Penang, GE Aviation's Flight Efficiency Services group has delivered procedures for Kuching, Langkawi, Johor Bahru, Miri, Sibiu and Kota Bharu airports, with procedures for eight more airports to follow.

RNP procedures are designed to shorten the distance an aircraft has to fly, and to reduce fuel burn, exhaust emissions and noise pollution in communities near airports. Such flight paths can save AirAsia up to 23 nautical miles (NM) per approach to Kuching Airport, 18 NM at Kota Bharu, and 12 NM at Penang, compared to the standard terminal arrival.

The on-board technology allows our crew to follow a precise track, independent of ground-based navigation beacons that limit where the aircraft can go. Because of RNP's precision and reliability, the technology can help air traffic controllers reduce flight delays and alleviate air traffic congestion.

AirAsia has initiated the new flight procedures in Penang and will expand RNP operations to the other airports in 2014. Once the flight paths are in place at all 15 airports, AirAsia expects to save up to RM1 million a year from reduced fuel costs.

Digital transformation of our flight deck



Towards end 2013, AirAsia embarked on a digital programme to equip our 1,500 flight crew with Acer tablets to be used as electronic flight bags in place of 25kg of paper-based documentation. The weight reduction is expected to reduce fuel consumption by an estimated 600 tonnes of fuel every year, the equivalent of 1,900 tonnes of carbon emissions. In addition, it would cut our printing costs and paper consumption by 11,000 reams per year.

The electronic flight bag leverages on Airbus FlySmart, Vistair DocuNet and Aerostratos Flight Master solutions which give our crew more efficient access to real-time resources such as flight plans, weather and NOTAMs, aeronautical navigation charts, weights and balance, performance data and the flight operations library of manuals.

New fuel management tool



In partnership with GE Aviation, we have rolled out a new fuel management tool that provides insights into our operational performance and makes a huge contribution towards achieving our minimum 1% fuel savings target.

The GE Aviation tool is the only analytical platform available in the industry able to integrate flight data with operational, weather, trajectory correction, navigation and terrain data, allowing us to understand complex operational problems and drive concrete results. By logging in to the tool, we can check the performance of our airline's fuel efficiency programme; check the performance of Flight Operations, Operations Control, Engineering and Ground Operations, or even that of individual flight crew. The tool enables our Allstars to make better, more informed operational decisions for every flight.

AIRASIA BHD ANNUAL REPORT DESIGNED BY

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OUR SAFETY COMMITMENT



Safety is of primary concern at AirAsia and is managed via our Safety Management System (SMS). Under the SMS, we continuously identify hazards through audits and safety reports submitted by our personnel, which are risk assessed and monitored for trends, resulting in mitigation actions before any identified risk can escalate into incidents or accidents.



The critical safety functions of senior management are in the areas of strategy and leadership. Senior management provide a vision for safety management and the resources required to maintain our targeted level of safety. Meanwhile, all staff are aware that the health and safety of the organisation is everyone's responsibility.

Our SMS is built on a sound and just reporting framework, which ensures that any hazard or safety deficiency detected is brought to the attention of those with the authority to make changes. Unusual trends in Flight Data, for example, are analysed and reported to the Flight Operations Management for prompt corrective action. The flight crew concerned will be consulted, and new procedures may be introduced to address previously unknown weak points or areas of uncertainty.

We recognise human stress as an area of concern and address it through a Critical Incident Stress Management (CISM) module developed by the Human Factors section. Psychologists are engaged to apply the CISM, currently with our pilots and cabin crew, but soon to all other employees.

I pledge that no disciplinary action will be taken against any employee for reporting a safety hazard or concern to this company's management. I pledge also that no member of staff will be asked to compromise on our safety standards to 'get the job done'.

Our approach to safety further ensures that authority and accountability co-exist. An essential component of our SMS is employee training. We train our employees so they are able to perform their tasks in a safe and efficient manner. Training modules are continuously updated and refreshed to ensure that all personnel, including flight crew, are equipped with the knowledge to manage all possible scenarios, including the more challenging safety manoeuvres or approaches.

Medical incidents are shared with cabin crew during classes and the importance of first aid is emphasised, while ensuring medical kits on board aircraft are always adequate. Incidents and accidents are also shared with ground employees during training to allow them to understand their role in preventing and managing similar occurrences.

While the management makes available this training, it is the employees' individual responsibility to then follow all prescribed safe work practices. There is further always an open and active channel for discussing and reporting safety matters.

The ultimate responsibility for safety in the Company rests with me as the Chief Executive Officer/Accountable Manager. Meanwhile, the responsibility for making our operations safer for everyone lies with each one of us - from heads of department and/or managers to front-line employees. Each head of department and/or manager is responsible for a safe work environment in his or her area of responsibility and, through oversight from the Safety Department, ensures that all reasonable steps are taken to prevent incidents and accidents.

We are committed to ensuring that safety excellence is integral to our day-to-day aviation activities, as we realise this is crucial to the sustainability of our business. Safety values are at the core of this company, underlining our commitment to providing our employees and guests with the safest possible environment.



SAFETY POLICY STATEMENT

Safety is given top priority in all of our activities. We are committed to developing, implementing, maintaining and improving our safety strategy, management systems and processes to ensure that all our aviation activities are undertaken with balanced resource allocation, aimed at achieving the highest level of safety performance and meeting the highest international safety standards.

All levels of management are accountable for the delivery of the highest level of safety performance, starting with the Chief Executive Officer.

Our commitment is to:

- a) Develop and embed a safety culture in all our aviation activities that recognises the importance and value of effective aviation safety management and acknowledges that safety is paramount at all times.
- b) Clearly define for all staff their accountability and responsibility for the development and delivery of aviation safety strategies and performance.
- c) Ensure that all staff are provided with adequate and appropriate aviation safety information and training, are competent in safety matters and are only allocated tasks commensurate with their skills.
- d) Establish and implement a hazard identification and risk management process to minimise the risks associated with aircraft operations to a point that is as low as reasonably practicable/achievable, and conduct safety reviews to ensure that relevant action is taken.
- e) Ensure that sufficient skilled and trained resources are always available to implement safety strategies, policies and processes.
- f) Establish and measure our safety performance against realistic objectives and/or targets.
- g) Ensure that the externally supplied systems and services that may have an impact on the safety of our operations meet appropriate safety standards.
- h) Actively develop and improve our safety processes to conform to world-class standards while complying with and, wherever possible, exceeding legislative and regulatory requirements and standards.
- i) Foster and encourage the maximum level of reporting and transparency with non-punitive safety/hazard reporting and by nurturing a just culture in the airline.

Aireen Omar
Chief Executive Officer



5-TIME CHAMP

WORLD'S BEST LOW-COST CARRIER

Thank you for making us the best,
5 years in a row.
We couldn't have done it without you!

#Hi5AirAsia

Snap your High-5 moments
and share them with us.



AirAsia

AirAsia

REPORTS AND FINANCIAL STATEMENT

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Statement on Corporate Governance

The Board of Directors of AirAsia Berhad (“the Company” or “AirAsia”) is committed in ensuring the highest standards of corporate governance are applied throughout the Group. Save as disclosed otherwise, the Board considers that it has complied throughout the year under review with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 (“the Code”), Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“MMLR”) and Corporate Governance Guide: Towards Boardroom Excellence (“CG Guide”). The following sections explain how the Company applies the principles and supporting principles of the Code, MMLR and CG Guide.

A. DIRECTORS

Roles and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Company and the Group and has assumed the following to ensure the effectiveness of the Board and to discharge its fiduciary and leadership functions:

- Reviewing and adopting strategic corporate plans and programmes for the Company;
- Approving the Company’s annual budget, including major capital commitments and carries out periodic review of the achievements against business targets;
- Approving new ventures;
- Approving material acquisitions and disposals of undertakings and properties;
- Identifying principal risks and to ensure implementation of appropriate internal control system and mitigation measures to manage these risks;
- Overseeing and evaluating the conduct of the Company’s business;
- Monitoring and if necessary approving changes to the management and control structure within the Company and its subsidiaries, including key policies, delegated authority limits;
- Reviewing succession planning;
- Developing and implementing an investor relations program;
- Reviewing adequacy and integrity of the Company’s management information and system of internal controls; and
- Any other matters which are required to be approved by the Board pursuant to the applicable rules, laws and regulations.

The Board Charter can be downloaded from the Company’s website.

Board Balance and Meetings

The Board of Directors consists of eight (8) Members, the details are given on pages 62 to 79 of this Annual Report as follows:-

- One (1) of the Board Member is the Executive Chairman;
- One (1) is the Group Chief Executive Officer and Executive Director;

- One (1) is the Chief Executive Officer and Executive Director;
- One (1) is the Non-Independent Non-Executive Director;
- One (1) is the Senior Independent Non-Executive Director; and
- Three (3) are Independent Non-Executive Directors.

Four (4) of the Non-Executive Directors fulfill the criteria of independence as defined in the MMLR. The high proportion of Independent Non-Executive Directors (fifty percent) provides for effective checks and balances in the functioning of the Board and reflects AirAsia’s commitment to uphold excellent corporate governance.

The Board has appointed Datuk Mohd Omar bin Mustapha, the Senior Independent Non-Executive Director as the Chairman of the Nomination and Remuneration Committee (“NRC”) to whom concerns of shareholders and other stakeholders may be conveyed. Dato’ Fam Lee Ee has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and he was approved by the shareholders of the Company during the 20th Annual General Meeting held on 4th June 2013 to continue serving as an Independent Non-Executive Director of the Company. The Board has recommended him to continue to act as an Independent Non-Executive Director based on the following justifications:

- (a) He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board;
- (b) He has vast experience in a diverse range of businesses and legal matters and therefore would be able to provide a constructive opinion; he exercises independent judgment and has the ability to act in the best interest of the Company;
- (c) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making;
- (d) He has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders; and
- (e) He has shown great integrity of independence and had not entered into any related party transaction with the Company.

Subsequent to the retirement of Dato’ Leong Sonny @ Leong Khee Seong and Mr. Conor Mc Carthy on 4 June 2013, Mr. Robert Aaron Milton was appointed as an Independent Non-Executive Director of the Company on 7 June 2013.

The Company observes the requirements of the Code to have majority independent directors in the event the Chairman is not an independent Director of the Company. The NRC had deliberated on the matter and expressed that the Company would need more time to comply with this recommendation as the Board’s size is small at the moment.

Statement on Corporate Governance

The roles of the Chairman, Group Chief Executive Officer (“GCEO”) and the Chief Executive Officer (“CEO”) are separate with a clear division of responsibility between them. This segregation of duties ensures an appropriate balance of role, responsibility and accountability at the Board level, such that no one individual has unfettered powers of decision.

The size, balance and composition of the Board support the Board’s role, which is to determine the long term direction and strategy of the Group, create value for shareholders, monitor the achievement of business objectives, ensure that good corporate governance is practised and to ensure that the Group meets its other responsibilities to its shareholders, other stakeholders and guests.

The Non-Executive Directors are persons of high calibre and integrity. They collectively possess rich experience primarily in finance and private sector enterprises and bring wide and varied commercial experience to the Board and the Board Committees deliberations. The Non-Executive Directors devote sufficient time and attention as necessary in order to perform their duties. Other professional commitments of the Non-Executive Directors are provided in their biographies on pages 62 to 79 of this Annual Report. The Board requires that all Independent Directors are independent in character and judgment; who do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Group, in order not to compromise their independence.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage. Our diverse Board includes and makes good use of differences in skills, regional and industry experience, background, gender and other attributes of Directors. This effort could be evidenced by the appointment of Cik Aireen Omar as the Chief Executive Officer and Executive Director of the Company in July 2012. Besides this, the Company maintains a good mix of diversity in the senior management of the Company.

The Board, through the NRC will take steps to ensure that women candidates are sought as part of its recruitment exercise. Selection of women candidates to join the Board will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and contributions the candidate can bring to the Board.

The NRC also reviews the composition of the Board and the Board’s committees annually. During the year under review, the Board had conducted the assessments on the performance of the Board and Board committees as well as the performance of the individual Board and Committee members. During the financial year, the NRC had also reviewed and assessed the independence of the Independent Directors of the Company.

Board meetings for each financial year are scheduled well ahead before the end of the preceding financial year so that the Directors can plan accordingly and fit the year’s Board meetings into their respective schedules.

The Board holds regular meetings of no less than five (5) times a year. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board’s expeditious review or consideration.

The Board maintains a formal schedule of matters specifically reserved for the Board’s decision to ensure that the direction and control of the Company is firmly in its hands.

During the financial year ended 31 December 2013, the Board of Directors held a total of six (6) meetings and the details of Directors’ attendances are set out below:

Name :	No of Meetings Attended
Datuk Kamarudin bin Meranun	5
Tan Sri Dr. Anthony Francis Fernandes	6
Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar	6
Conor Mc Carthy	3 ^{Note 1}
Dato’ Leong Sonny @ Leong Khee Seong	2 ^{Note 1}
Dato’ Fam Lee Ee	6
Dato’ Mohamed Khadar bin Merican	4
Datuk Mohd Omar bin Mustapha	5
Aireen Omar	6
Robert Aaron Milton	3 ^{Note 2}

Note 1: Mr. Conor Mc Carthy and Dato’ Leong Sonny @ Leong Khee Seong retired on 4 June 2013.

Note 2: Mr. Robert Aaron Milton was appointed on 7 June 2013.

Supply of Information

Prior to the Board Meetings, all Directors will receive the agenda and a set of Board papers containing information for deliberation at the Board Meetings. This is to accord sufficient time for the Directors to review the Board papers and seek clarifications that they may require from the Management or the Company Secretary. Urgent papers may be presented and tabled at the Board meetings under supplemental agenda. The Board meeting papers are presented in a concise and comprehensive format. Board meeting papers tabled to Directors include progress reports on the Group’s business operations; detailed information on business propositions; quarterly and annual financial statements, corporate proposals including where relevant, supporting documents such as risk evaluations

Statement on Corporate Governance

and professional advice from solicitors or advisers and report on the directors' dealings in securities, if any. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

The Directors will declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company. An interested Director will abstain from all deliberations and voting on the said transaction. In the event that shareholders' approval is required for a corporate proposal, the interested Director, if he is a shareholder as well, shall abstain from voting on the resolution pertaining to the corporate proposal and ensure persons connected to them similarly abstain from voting on the resolution.

Any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense. Directors have access to all information and records of the Group and also the advice and services of the Company Secretary, who also serve in that capacity in the various Board Committees. The Company Secretary also serves notice to Directors on the closed period for trading in AirAsia shares, in accordance with Chapter 14 on Dealings in Securities of the MMLR.

Code of Ethics

The Directors observe the Company's Code of Ethics established by the Companies Commission of Malaysia in furtherance of their duties.

Appointments to the Board

The Group has implemented procedures for the nomination and election of Directors via the NRC. The NRC will assess the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decision.

The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme for Directors of Public Listed Companies ("MAP").

Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Company's operating centre to have an insight on the Company's operations which could assist the Director to make effective decisions.

For the year under review, the Directors had continually kept abreast with the development in the market place with the aim of enhancing their skills, knowledge and experience.

Among the training programmes, seminars and briefings attended by Directors during the year were as follows:

Name	Programmes
Tan Sri Dr. Anthony Francis Fernandes	<ul style="list-style-type: none"> • Reachout Youth Convention, Sunway • Credit Suisse 16th Asian Investment Conference, Hong Kong • World Economic Forum on East Asia, Myanmar • Global Malaysia Series with YB Senator Dato' Sri Idris Jala, Kuala Lumpur • Asean World Forum, Singapore • CEO/IR Macquarie Asean Forum, Singapore • CEO/IR CLSA Investor Forum, Hong Kong • APEC CEO Summit, Bali • AIA Leadership Conference, Hong Kong
Dato' Fam Lee Ee	<ul style="list-style-type: none"> • International Corporate Governance Seminar organised by the Securities Commission Malaysia • Malaysia-China Economic Summit jointly organised by MITI and MCCC
Dato' Mohamed Khadar bin Merican	<ul style="list-style-type: none"> • Training Session No. 4 of ICAAP organised by RHB • Training on OSK Products organised by RHB • Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA") and Directors and Officers Liability Insurance Policy ("D&O Policy") Presentation For Directors organised by RHB • Governance in Groups Program organised by RHB and the Iclif Leadership and Governance • Syariah Awareness Programme organised by RHB

Name	Programmes
Datuk Mohd Omar bin Mustapha	<ul style="list-style-type: none"> • 17th Asia Oil & Gas Conference 2013
Aireen Omar	<ul style="list-style-type: none"> • MAP • OSK DMG ASEAN Open Day, Singapore • CLSA ASEAN Corporate Access Forum 2013, Bangkok • AirAsia Group Strategy Workshop 2013, Bangkok • Credit Suisse 16th Asian Investment Conference, Hong Kong • HSBC's Inaugural Aviation Conference, Hong Kong • 2nd Annual Japan Airfinance Conference, Tokyo • AirAsia's Luncheon with Local Investors by Maybank, Kuala Lumpur • Maybank's Invest Malaysia 2013, Kuala Lumpur • CIMB Annual Asia Pacific Conference, Kuala Lumpur • US ASEAN Business Club & US ASEAN Business Council • US ASEAN CEO Luncheon & Business Dialogue • GE Leadership, Innovation & Strategy Course, Kuala Lumpur • ASEAN Forum Session, Singapore • Macquarie ASEAN Conference, Singapore • World Economic Forum, Dalian China • CLSA Investor Forum, Hong Kong
Robert Aaron Milton	<ul style="list-style-type: none"> • MAP

All Directors were also updated by the Company Secretary on changes to the MMLR and relevant guidelines on the regulatory and statutory requirements. The external auditors also briefed Audit Committee ('AC') members on the significant changes in financial reporting standards as well as tax matters.

Apart from the above, during the financial year under review, Datuk Kamarudin bin Meranun and Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar did not attend other training programmes as they had not identified any training courses that were of particular benefit to their role as Directors of AirAsia.

Re-election of Directors

The Articles of Association of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting ("AGM"). All Directors are also required to retire once in every three years, and if eligible to offer themselves for re-election. The Articles of Association also provide that a Director who is appointed by the Board in the course of the

year shall be subjected to re-election at the next AGM to be held following his appointment. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Board Committees

To assist the Board in discharging its duties, various Board Committees have been established. The functions and terms of reference are clearly defined and, where applicable, comply with the recommendations of the Code.

The AC comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Directors.

The Chairman of the AC would report to the Directors at Board meetings, of any salient matters raised at the AC meetings and which require the Board's notation, approval or decision.

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the AC. The AC also reviews the risk management framework, processes and its reports.

Further information on the composition, summary terms of reference and other information relating to the AC are set out on pages 163 to 165 of this Annual Report.

The NRC comprises three Non-Executive Directors, namely:

- Chairman: Datuk Mohd Omar bin Mustapha (Senior Independent Non-Executive Director)
- Members: Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (Non-Independent Non-Executive Director)
Dato' Fam Lee Ee (Independent Non-Executive Director)

The primary responsibility of the NRC in accordance with its terms of reference is to assist the Board with the following functions:

For Nomination:

- To assess and recommend new nominees for appointment to the Board and Board Committees (the ultimate decision as to whom shall be nominated should be the responsibility of the full Board after considering the recommendations of such a Committee).
- To review the required mix of skills and experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.
- To assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.
- To review the Board's succession planning.
- To review and determine the appropriate training programmes for the Board as a whole.

Statement on Corporate Governance

The Board, through the NRC, had carried out a review on the composition of the Board and is satisfied that the size and composition of the Board is adequate with the appropriate mix of knowledge, skills, attributes and core competencies.

For Remuneration:

- To review and to consider the remuneration of Executive Directors in accordance with their skills, experience and responsibilities and make recommendations to the Board on the remuneration packages of each Executive Director.
- To provide an objective and independent assessment of the benefits granted to the Executive Directors.
- To conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance.
- Annual review of the overall remuneration policy for Directors for recommendation to the Board.

The Company maintains transparent procedures in determining the remuneration policy for Directors. Executive Directors play no part in decisions on their own remuneration. The determination of remuneration packages of non-executive Directors is a matter for the Board as a whole. All the individual Directors concerned abstained from discussing their own remuneration.

The Safety Review Board (“SRB”) was established in August 2005 with the purpose of providing Board level oversight and input to the management of Safety within AirAsia’s operations. The Board appoints the Chairman of the Committee and a meeting is held each quarter to review progress and trends in relation to Flight Safety & Airworthiness, Incident Reports, Investigations and recommendations and Flight Data Analysis and Recommendations. The Committee comprises two Non-Executive Directors and one executive director, namely:

Chairman: Mr. Robert Aaron Milton
(Independent Non-Executive Director)

Member: Cik Aireen Omar
(CEO and Executive Director)
Dato’ Mohamed Khadar bin Merican
(Independent Non-Executive Director)

Other members include relevant operations personnel, safety and security specialists from AirAsia and from our affiliates in Thailand, Indonesia and Philippines. A report is provided to the Board each Quarter.

The Employee Share Option Scheme (“ESOS”) Committee comprises Tan Sri Dr. Anthony Francis Fernandes, Datuk Kamarudin Bin Meranun and Mr. Andrew Robert Littledale, the Chief Financial Officer of the Company. The ESOS Committee was established to administer the ESOS of the Group which would be expiring on 6 June 2014 in accordance with the objectives and regulations thereof and to determine the participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

B. Directors Remuneration

The remuneration package comprises the following elements:

1. Fee

The fees payable to each of the Non-Executive Directors for their services on the Board are based on the basic Board fee and their respective additional responsibilities on the Board’s committees during the year recommended by the Board for final approval by shareholders of the Company at the AGM.

2. Basic salary

The basic salary for each Executive Director is recommended by the NRC and approved by the Board, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar positions in other comparable companies internationally. Salaries are reviewed annually.

3. Bonus scheme

The Group operates a bonus scheme for all employees, including the Executive Directors. The criteria for the scheme are dependent on various performance measures of the Group, together with an assessment of each individual’s performance during the period. The bonus for the Executive Directors is recommended by the NRC and approved by the Board.

4. Benefits-in-kind

Other customary benefits (such as private medical care, travel coupons, etc.) are made available as appropriate.

5. Service contract

The Executive Chairman, GCEO and CEO each have a three-year service contract with AirAsia.

6. Directors’ share options

There was no movement in Directors’ share options during the year ended 31 December 2013.

Details of the Directors’ remuneration are set out in Note 5 of the Audited Financial Statements on pages 198 to 199 of this Annual Report. Whilst the Code has prescribed for individual disclosure packages, the Board is of the view that the transparency and accountability aspects of Corporate Governance in respect of the Directors’ remuneration are appropriately and adequately addressed by the band disclosure in the said Note 5.

C. Shareholders

Investor Relations

The Company is committed to maintaining good communications with shareholders and investors. Communication is facilitated by a number of formal channels used to inform shareholders about the performance of the Group. These include the Annual Report and Financial Statements and announcements made through Bursa Malaysia, as well as through the AGM.

Members of senior management are directly involved in investor relations through periodic roadshows and investor briefings in the country and abroad with financial analysts, institutional shareholders and fund managers.

Reports, announcements and presentations given at appropriate intervals to representatives of the investment community are also available for download at the Group's website at www.airasia.com. Shareholders may obtain the Company's announcements on its website or via the Bursa Malaysia's website at "<http://www.bursamalaysia.com>".

Any queries or concerns regarding the Group may be directed to the Investor Relations Department at investorrelations@airasia.com.

Annual General Meeting

Given the size and geographical diversity of our shareholders' base, the AGM is another important forum for shareholder interaction. All shareholders are notified of the meeting and are provided with a copy of the Group's Annual Report at least 21 days before the meeting is held.

At the AGM, the GCEO and the CEO will conduct a brief presentation on the Group's performance for the year and future prospects. The Chairman and all Board Committee chairmen where possible will be present at the AGM to answer shareholders' questions and hear their views during the meeting. Shareholders are encouraged to participate in the proceedings and engage with dialogue with the Board and Senior Management. The extract of the minutes of AGM for the year 2013 is available on the Company's website.

D. Accountability and Audit

Financial Reporting

The Board aims to ensure that the quarterly reports, annual audited financial statements as well as the annual review of operations in the Annual Report reflect full, fair and accurate recording and reporting of financial and business information in accordance with the MMLR of Bursa Malaysia.

Timely release of announcements on quarterly financial reports reflects the Board's commitment to provide transparent and up-to-date disclosures of the performance of the Company and its group of subsidiaries.

The Directors are also required by the Companies Act, 1965 to prepare the Group's annual audited financial statements with all material disclosures such that they are complete, accurate and in conformance with applicable accounting standards and rules and regulations. The AC assists the Board in overseeing the financial reporting process.

Audit Committee and Internal Control

The Board's governance policies include a process for the Board, through the AC to review regularly the effectiveness of the system of internal control as required by the Code. A report on the AC and its summary terms of reference is presented on pages 163 to 165 of this Annual Report.

The Board has overall responsibility for the Group's system of internal control, which comprises a process for identifying, evaluating and managing the risks faced by the Group and for regularly reviewing its effectiveness in accordance with the Code.

The Board confirms that this process was in place throughout the year under review and up to the date of approval of these financial statements. The primary aim is to operate a system which is appropriate to the business and which can, over time, increase shareholders' value whilst safeguarding the Group's assets. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Statement on Risk Management and Internal Control is set out in pages 166 to 167 of this Annual Report.

Statement on Corporate Governance

Relationship with the External Auditors

The Board, through the AC, has maintained appropriate, formal and transparent relationship with the external auditors. The AC meets the external auditors without the presence of management, whenever necessary, and at least twice a year. Meetings with the external auditors are held to further discuss the Group's audit plans, audit findings, financial statements as well as to seek their professional advice on other related matters. From time to time, the external auditors inform and update the AC on matters that may require their attention.

E. Others

Corporate Disclosure Policy and Procedures

AirAsia observed the continuing disclosure obligation imposed upon a listed issuer by Bursa Malaysia. A Corporate Disclosure Policy and Procedures was approved by the Board, which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. In this respect, the Company follows the disclosure guidelines and regulation of Bursa Malaysia's CG Guide.

Material information will in all cases be disseminated via Bursa Malaysia and other means.

Code of Conduct

The Company had formalised ethical standards through a code of conduct and will ensure its compliance. The Code of Conduct is published on the Company's website.

Whistleblowing Program

In order to improve the overall organisational effectiveness and to uphold the integrity of the Company in the eyes of the public, the Company has updated the whistleblowing programme during the year which acts as a formal communication channel where all stakeholders can communicate their concerns in cases where the Company's business conduct is deemed to be contrary to the Company's common values.

All concerns should be addressed to the Group Head of Internal Audit who will then assess all concerns reported and recommend the appropriate action, and subsequently:

- Compile all reports received and submit to the Chairman of the Audit Committee; and
- Report to Management on behalf of the Audit Committee the results of the investigation for further action.

All details pertaining to the name and position of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

This statement is made in accordance with a resolution of the Board of Directors of AirAsia dated 23 April 2014.

Audit Committee Report

SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE

A. Composition

The Committee shall comprise at least three Non-Executive Directors appointed by the Board of Directors. All the members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors. All members of the Committee shall be financially literate and at least one member shall:

- (i) be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years of working experience and:-
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (iii) fulfills other requirements as prescribed or approved by the Exchange.

B. Roles and responsibility

The primary roles and responsibilities of the Committee with regards to the AirAsia Group's Internal Audit department, External Auditors, Financial Reporting, Related Party Transactions, Risk Management, Annual Reporting and Investigations are as follows:

Internal Audit

- Mandate the Internal Audit department to report directly to the Committee;
- Review the adequacy of the scope, functions, competency and resources of the Internal Audit department, and that it has the necessary independence and authority to carry out its work, which should be performed professionally and with impartiality and proficiency;
- Review Internal Audit Reports and ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified by Internal Audit;
- Review the Internal Audit Reports relating to the AirAsia Group's affiliates;
- Review the appraisal or assessment of the performance of members of the Internal Audit function;
- Approve the appointment or termination of the Group Head - Internal Audit and senior staff members of Internal Audit; and
- Take cognisance of resignations of Internal Audit staff and the reasons for resigning.

External Auditor

- To consider the appointment of the External Auditor, Audit fees, resignation or dismissal of the External Auditor;
- To submit a copy of written representation or submission of External Auditors' resignation to the Exchange;
- Monitor the effectiveness of the External Auditors' performance and their independence and objectivity;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- Review major findings raised by the External Auditors and management's responses, including the status of the previous audit recommendations;
- To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of management where necessary); and
- To provide a line of communication between the Board and the External Auditors.

Financial Reports and Bursa Malaysia Announcements

To review the quarterly and year-end financial statements of the Group and Company, and reports to Bursa Malaysia focusing particularly on:

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- litigation that could affect the results materially;
- the going concern assumption;
- compliance with accounting standards and other legal requirements; and
- where necessary, make appropriate recommendations to the Board for approval.

Related Party Transactions

To review any related party transactions and conflict of interest situations and, where appropriate, make recommendations to the Board for approval that such transactions are at arm's length and are in the best interest of the Group or Company.

Risk Management

- To develop and inculcate a risk awareness culture within the Group;
- To review Risk Management Strategies, frameworks and policies of the Group to ensure key risks are systematically identified, monitored and controlled;
- To ensure resources and systems are in place for the risk management function; and
- To oversee specific risk management concerns raised by business units.

Audit Committee Report

Annual Report

Report the Audit Committee's activities for the financial year.

Investigations

- To consider major findings of internal investigations and management's response; and
- To review the Company's procedures for detecting fraud and whistle blowing.

Other Matters

To consider any other matters as directed by the Board.

C. Authority and powers of the Audit Committee

In carrying out its duties, the Audit Committee shall, at the cost of the Company:

- have authority to investigate any matter within its Terms of Reference;
- have full, free and unrestricted access to the Group's and Company's records, properties, personnel and other resources;
- have full and unrestricted access to any information regarding the Group and Company;
- have direct communication channels with the External Auditors and person(s) carrying out the internal audit function;
- be able to obtain independent professional or other advice; and
- convene meetings with the External Auditors, Internal Auditors or any other professional advisors, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Committee is authorised to promptly report such matters to the Exchange.

D. Meetings

- The Committee shall meet at least four (4) times a year and at such other times as the Chairman shall decide;
- The quorum for an Audit Committee Meeting shall be at least two (2) members. The majority present must be Independent Directors;
- The External Auditor has the right to appear and be heard at any meeting of the Committee;
- The Group Chief Executive Officer / Chief Executive Officer has to attend the meetings to assist in the deliberations and resolutions of matters raised;

- The Group Chief Financial Officer, Chief Financial Officer and the Group Head of Internal Audit of the Group and the Company shall attend the meetings to assist in deliberations and resolution of matters raised. However, at least twice a year, the Committee shall meet with the External Auditors without the presence of management;
- The Company Secretary shall act as Secretary of the Committee;
- The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee; and
- The Committee at each Board Meeting will report a summary of significant matters discussed at the Committee meetings.

The Terms of Reference summarised above were revised and approved by the Board of Directors of AirAsia on 23 April 2014.

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

A summary of the activities performed by the Committee during the financial year ended 31 December 2013 ("Financial Year") is set out below.

Composition of the Audit Committee and Attendance of meetings

A total of eleven (11) meetings were held for the Financial Year. The members of the Committee together with the details of their attendance at the Committee meetings held during the year were as follows:

Name	Directorship attended	No. of Meetings
Dato' Mohamed Khadar bin Merican (Chairman of the Committee)	Independent Non-Executive Director	11 ^{Note 1}
Dato' Leong Khee Seong (Former Chairman of the Committee)	Independent Non-Executive Director	6 ^{Note 2}
Dato' Fam Lee Ee	Independent Non-Executive Director	11
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	Non-Independent Non-Executive Director	5 ^{Note 3}

Note 1: Dato' Mohamed Khadar bin Merican was re-designated as the Chairman of the Committee upon the retirement of Dato' Leong Khee Seong as a Director of the Company on 4 June 2013.

Note 2: Dato' Leong Khee Seong retired on 4 June 2013.

Note 3: Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar was appointed as member of the Committee upon the retirement of Dato' Leong Khee Seong as a Director of the Company on 4 June 2013.

The Committee meets on a scheduled basis at least once in every two months. The GCEO, CEO, the Group Chief Financial Officer, the Chief Financial Officer and the Group Head of Internal Audit are invited to attend the meetings to assist in the deliberations as and when necessary. The External Auditors are also invited to discuss their Audit Plan, Audit Report, Management Letter, Internal Control Report and other reports as and when necessary.

Internal Audit

- Approved the Group's Internal Audit Plan, scope and budget for the financial year.
- Reviewed the results of Internal Audit Reports and monitor the implementation of management action plans in addressing and resolving issues.
- Reviewed the adequacy and competencies of Internal Audit function to execute the Annual Audit Plan.

Risk Management

- Reviewed and evaluated the Risk Management Framework and Policy.
- Reviewed the key risk profile for the Company.
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the 2013 Annual Report.

External Audit

- The Committee reviewed Messrs PricewaterhouseCoopers ("PwC") overall work plan and recommended to the Board their remuneration and Terms of Engagement as External Auditors.
- The Committee considered in detail the results of the audit, PwC's performance and independence and the effectiveness of the overall audit process.
- The Committee recommended PwC's re-appointment as Auditors to the Board and this resolution will be put to shareholders at the AGM.
- Reviewed updates on the introduction of Malaysian Financial Reporting Standards and how they will impact the Company and has monitored progress in meeting the new reporting requirements.
- The Committee was also updated by PwC on changes to the relevant guidelines on the regulatory and statutory requirements.
- Deliberated and reported the results of the annual audit to the Board of Directors.
- Met with the External Auditor without the presence of management to discuss any matters that they may wish to present.

Employee Share Option Scheme

- The Committee verified the allocation options pursuant to the criteria disclosed to the employees of the Group and established pursuant to the Employee Share Option Scheme for the Financial Year.

Financial Reporting

- Reviewed and deliberated on the Quarterly Financial Announcements and Annual Audited Financial Statements prior to submission to the Board of Directors for consideration and approval.

Related Party Transactions

- Reviewed the related party transactions entered into by AirAsia Berhad Group in conformity to the established procedures in adherence to the MMLR.

INTERNAL AUDIT FUNCTION

AirAsia Group has a well-established in-house Internal Audit ("IA") to assist the Board to oversee that Management has in place a sound risk management, internal control and governance system. The IA maintains its impartiality, proficiency and due professional care by having its plans and reports directly under the purview of the Committee. IA function is also guided by its Audit Charter that provides for its independence and reflects the roles, responsibilities, accountability and scope of work of the department. The IA reports functionally to Audit Committee and administratively to the GCEO.

The principal responsibility of IA is to undertake regular and systematic reviews of the systems of internal controls, so as to provide reasonable assurance that the systems continue to operate efficiently and effectively. The IA implements risk based auditing in establishing the strategic and annual audit plan, being the main factor in determining the areas or units to be audited.

The audits cover the review of the adequacy of risk management, the strength and effectiveness of the internal controls, compliance to both internal and statutory requirement, governance and management efficiency, amongst others. Areas for improvement and audit recommendations are forwarded to the management for attention and further actions. Management is responsible to ensure that corrective actions are implemented within the required time frame. The audit reports which provide the results of the audit conducted are submitted to the Audit Committee for review. Key control issues and recommendations are highlighted to enable the Committee to execute its oversight function.

The Audit Committee reviews and approves the IA's human resource requirements to ensure that the function is adequately resourced with competent and proficient Internal Auditors. Total operational costs of the IA department for 2013 was RM1,841,197.

Statement on Risk Management & Internal Control

The Board remains committed to complying with the Code which "... requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and the Company's assets" and guided by the Bursa Malaysia's MMLR Paragraph 15.26 (b) and Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The Board is pleased to issue the following Statement on Risk Management & Internal Control for the financial year ended 31 December 2013.

Responsibility

The Group aims to achieve the highest standards of professional conduct and ethics, to raise the bar on accountability and to govern itself in accordance to the relevant regulations and laws. To achieve long term shareholder value through responsible and sustainable growth, the Group has established and maintains an internal control system that incorporates various control mechanisms at different levels throughout the Group. The Board is responsible for reviewing the effectiveness of these control mechanisms. Due to the limitations inherent in any such system, this is designed to manage rather than eliminate risk and to provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may materially affect the achievement of corporate objectives. This process has been in place throughout the year and is regularly reviewed by the Board. Management is responsible for assisting the Board implement policies and procedures on risk and control by identifying and assessing the risks faced, and in the implementation of suitable remedial actions to enhance operational controls and risk management. Indeed, the first level of assurance comes from business operations which perform the day-to-day operational risk through comprehensive system of internal controls. The Board is informed of major issues on internal controls, regulatory compliance and risk taking.

The Board has received assurance from the Group Chief Executive Officer, Chief Executive Officer, Group Chief Financial Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review is sound and adequate to safeguard the shareholders' investment, the interest of customers, regulators and employees and the Group's assets.

Integrating Risk Management with Internal Control System

The Board continues to rely on the enterprise risk management framework to manage its risks and to form the basis of the internal audit plan. Effective risk management is particularly challenging as the Group operates in a rapidly changing environment. The process of risk management is ongoing where the coverage includes the Group's associated companies. Risk profiling and assessments for all business divisions, joint ventures and associated companies have been performed during the development of the annual audit plan which was presented, deliberated and approved by the AC.

The Board relies significantly on the Group's internal auditors to carry out audits of the various operating units based on the risk-based approved audit plan.

Key Risk Management & Internal Control Processes

The key processes that have been established in reviewing the adequacy and effectiveness of the Group's risk management and internal control system are described below:

Risk Management

- The Board has delegated the responsibility of reviewing the effectiveness of risk management to the AC supported by the risk management function;
- A written Risk Management Framework and Policy ("RMF&P") is in place. The RMF&P outlines the Group's underlying approach to risk and risk management, process, structure, tools etc. Subsequent changes to the RMF&P would be reviewed and recommended by the AC to the Board;
- Effectiveness of the risk management system is monitored and evaluated on an on-going basis through continuous monitoring and evaluation on the Group's risk management system; and
- Additionally, the AC reviews and assesses the adequacy of these risk management policies and ensure infrastructure, resources and systems are in place for effective risk management.

Internal Audit

- The Board has extended the responsibilities of the AC to include the assessment of internal controls, through the Internal Audit ("IA") function. The AC, chaired by an independent non-executive director reviews the internal controls system and findings of the internal auditors and external auditors;

Statement on Risk Management & Internal Control

- The IA is an independent function that reports directly to the AC. The IA assists the Committee and the Board by performing regular and systematic review of the internal controls, financial and accounting matters, operational policies and procedures, and ensuring that internal controls are adequate to meet the Group's requirements. Audits are carried out on all units and stations, the frequency of which is determined by the level of risks assessed. The selection of auditable areas to be audited is based on risk based audit methodology taking into consideration input of the senior management and the Board;
- Management is responsible for ensuring that corrective actions to address control weaknesses are implemented within a defined time frame. The status of implementation is monitored through follow-up audits which are also reported to the AC;
- The conducts of internal audit work is governed by the Internal Audit Charter, which is approved by the AC. The AC also reviews the adequacy of scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work. The IA is also guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors; and
- The AC also reviews and considers matters relating to internal controls as highlighted by the external auditors in the course of their statutory audit of the Group's financial statements.
- Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Group's core business operations. These committees include the Financial Risk Committee, Quality and On-Time Performance Committee where meetings are held frequently to address emerging issues, concerns and action plans.

Other Key Processes

- Policies and procedures of core business processes are documented in a series of Standard Operating Procedures and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs;
- Heads of Department present their annual budget, including financial and operating targets and capital expenditure plans for the approval of the Chief Executive Officer. Group annual budget is prepared and tabled for Board approval. These budgets and business plans are cascaded throughout the organisation to ensure effective execution and follow through. Actual performance is compared against budget and reviewed by the Board; and
- The Group has implemented a formal performance appraisal system for all levels of employees.

The Board and Operational Committees

- The Board has established an organisational structure with clearly defined lines of responsibilities, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong internal control environment;
- The Board has established the Board Committees with clearly defined delegation of responsibilities within the definition of terms of reference and organisation structures. These committees include NRC, AC and SRB which have been set up to assist the Board to perform its oversight functions. The Committees have the authority to examine all matters within their scope and report to the Board with their recommendations; and

The statement also caters for the state of internal controls in material joint ventures and associated companies. There was no material loss incurred as a result of internal control weaknesses.

Additional Compliance Information

The information set out below is disclosed in compliance with the MMLR of Bursa Malaysia:-

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2013.

2. SHARE BUY-BACK

The Company does not have a scheme to buy-back its own shares during the financial year ended 31 December 2013.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2013.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any warrants or convertible securities during the financial year ended 31 December 2013. The AirAsia Employee Share Option Scheme ("ESOS") came into effect on 1 September 2004. The details of the ESOS exercised are disclosed in pages 227 to 229 of the financial statements.

5. ESOS

The ESOS is the only share scheme of the Company in existence during the financial year ended 31 December 2013 approved by the shareholders on 7 June 2004. On 28 May 2009, the Company extended the duration of its ESOS which expired on 6 June 2009 for 5 years to 6 June 2014. The information of the ESOS is as follows:

	During the financial year ended 31 December 2013	Since commencement of the ESOS on 7 June 2004
Total number of options or shares granted	-	93,168,000
Total number of options exercised or shares vested	1,128,000	66,003,500
Total options or shares outstanding	2,615,900	2,615,900

Granted to Executive Directors and Chief Executive	During the financial year ended 31 December 2013	Since commencement of the ESOS on 7 June 2004
Aggregate options or shares granted	-	1,200,000
Aggregate options exercised or shares vested	-	1,200,000
Aggregate options or shares outstanding	-	-

Granted to Executive Directors and senior management	During the financial year ended 31 December 2013	Since commencement of the ESOS on 7 June 2004
Aggregate maximum allocation in percentage	-	50.0%
Actual percentage granted	-	1.29%

There were no options granted to the Non-Executive Directors pursuant to the ESOS since its commencement on 7 June 2004.

6. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2013.

7. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company by the external auditors for the financial year ended 31 December 2013 were RM150,503.00 for tax advisory services rendered and audit fees for unconsolidated structured entities.

8. VARIATION IN RESULTS

There were no profit estimations, forecasts or projections made or released by the Company during the financial year ended 31 December 2013.

9. PROFIT GUARANTEE

During the financial year ended 31 December 2013, the Group and the Company did not give any profit guarantee.

10. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year ended 31 December 2013.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OF TRADING NATURE

At the Annual General Meeting ("AGM") held on 4 June 2013, the Company had obtained a shareholders' mandate to allow the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature.

The breakdown of the aggregate value of the RRPTs entered into by the Group during the financial year is as follows:

Transacting Parties	Nature of RRPTS	Class and relationship of the Related Parties	Actual value
Revenue/income			
1. AirAsia X Berhad ("AAX")	Provision of the following range of services by our Company to AAX: (a) Commercial - Sales and distribution - Sales support - Provision of sales offices, airport sales counter and use of our Company's authorised travel agents - Payment channel and E-Channel - Branding and Creative • Protection of brand to ensure proper public perception is built • Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding • Creative includes graphic designs supporting branding activities - Manage, plan, build and develop airasia.com website	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes Datuk Kamarudin Bin Meranun ("Datuk Kamarudin") Interested Major Shareholder Tune Air Sdn. Bhd. ("Tune Air")	RM6,845,730

Additional Compliance Information

Transacting Parties		Nature of RRPTS	Class and relationship of the Related Parties	Actual value
Revenue/income				
		(b) Innovation, Commercial and Technology - Involves all services related to information technology (c) Treasury - Fuel procurement - Fuel hedging (d) Audit - Internal audit - IT Audit (e) Ad-Hoc engineering services (f) Quality & Assurance – Credit card fraud control unit		
2.	AAX	Provision of the rights by our Company to AAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes Datuk Kamarudin Interested Major Shareholder Tune Air	RM8,530,027
3.	Tune Ins Holdings Berhad (“TIH”)	Provision of the right to access our Company’s customer database by our Company to TIH to conduct telesales marketing on TIH’s and/or third party insurance products and the provision of management services by TIH to our Company’s travel insurance business	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes Datuk Kamarudin Interested Major Shareholder Tune Air	RM341,424
4.	Tune Insurance Malaysia Berhad (“TIMB”)	Provision of travel insurance to our customers for journeys originated from Malaysia resulting in underwriting commission received by TIH through TIMB	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes Datuk Kamarudin Interested Major Shareholder Tune Air	RM14,874,800
Expense				
5.	QPR Holdings Limited	Provision of full shirt sponsorship by our Company to Queens Park Rangers Football Club in the Barclays Premier League	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes Datuk Kamarudin	GBP1,454,114
6.	Think Big Digital Sdn Bhd	Purchase of loyalty points from Think Big Digital Sdn Bhd, who operates and manages a loyalty program branded as the BIG Loyalty Program	Interested Directors and Major Shareholders Tan Sri Dr. Tony Fernandes Datuk Kamarudin Interested Major Shareholder Tune Air	RM1,202,385

Additional Compliance Information

The shareholdings of the interested Directors and interested Major Shareholders in the Company as at 16 April 2014 are as follows:

	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares*	%
Interested Directors				
Tan Sri Dr. Anthony Francis Fernandes	1,600,000	0.06	640,608,382	23.03
Datuk Kamarudin Bin Meranun	2,000,000	0.07	640,608,382	23.03
Interested Major Shareholder				
Tune Air Sdn Bhd	640,608,382	23.03	-	-

Note:

* Deemed interested via their interests in Tune Air Sdn Bhd, being the Major Shareholder of our Company pursuant to Section 6A of the Companies Act, 1965.

Please refer to the note of Section 2.3 of the Circular to shareholders dated 13 May 2013 and 12 May 2014 respectively on the directorships and shareholdings of the interested directors and interested major shareholder in the transacting parties.

Directors' Report

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	362,124	184,980

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2012,	
- a single-tier interim 'special' dividend of 18 sen per ordinary share of RM0.10 each on 2,779,906,580 ordinary shares of RM0.10 each, paid on 12 April 2013	500,383
- a final single-tier dividend of 6 sen per ordinary share of RM0.10 each on 2,780,510,580 ordinary shares of RM0.10 each, paid on 3 July 2013	166,831
	667,214

The Directors now recommend a first and final single-tier dividend in respect of the financial year ended 31 December 2013 of 4 sen per share on 2,781,062,580 ordinary shares of RM0.10 each amounting to RM111,242,503, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM277,990,658 to RM278,106,258 by way of issuance of 1,156,000 ordinary shares of RM0.10 each pursuant to the exercise of the Company's Employee Share Option Scheme ("ESOS") at an exercise price of RM1.08 per share. The premium arising from the exercise of ESOS of RM1,132,880 has been credited to the Share Premium account.

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

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

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

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

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

DIRECTORS

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

Datuk Kamarudin Bin Meranun	
Tan Sri Dr. Anthony Francis Fernandes	
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	
Dato' Fam Lee Ee	
Dato' Mohamed Khadar Bin Merican	
Datuk Mohd Omar Bin Mustapha	
Aireen Omar	
Robert Aaron Milton	(Appointed on 7 June 2013)
Conor Mc Carthy	(Retired on 4 June 2013)
Dato' Leong Sonny @ Leong Khee Seong	(Retired on 4 June 2013)

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2013, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.10 each			At 31.12.2013
	At 1.1.2013/ date of appointment	Acquired	Disposed	
<u>Direct interests in the Company</u>				
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	200,000	50,000	(100,000)	150,000**
Tan Sri Dr. Anthony Francis Fernandes	3,227,010	1,000,000	(2,627,010)	1,600,000
Datuk Kamarudin Bin Meranun	2,292,900	2,000,000	(2,292,900)	2,000,000
Dato' Fam Lee Ee	50,000	-	-	50,000
Robert Aaron Milton	-	100,000	-	100,000***
<u>Indirect interests</u>				
Tan Sri Dr. Anthony Francis Fernandes *	640,608,382	-	-	640,608,382
Datuk Kamarudin Bin Meranun *	640,608,382	-	-	640,608,382

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

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

*** Shares held under HDM Nominees (Asing) Sdn Bhd.

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

Directors' Report

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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

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

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

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

In the opinion of the Directors:

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

AUDITORS

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

In accordance with a resolution of the Board of Directors dated 28 April 2014.



DATUK KAMARUDIN BIN MERANUN
DIRECTOR



AIREEN OMAR
DIRECTOR

Income Statements

For the Financial Year Ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 (restated)	2013 RM'000	2012 RM'000
Revenue	4	5,111,822	4,946,091	5,111,822	4,946,091
Operating expenses					
- Staff costs	5	(610,905)	(580,294)	(606,765)	(580,207)
- Depreciation of property, plant and equipment	12	(597,258)	(567,176)	(596,827)	(567,176)
- Aircraft fuel expenses		(2,212,198)	(1,947,947)	(2,212,198)	(1,947,947)
- Maintenance and overhaul		(138,622)	(112,398)	(138,622)	(112,398)
- User charges and other related expenses		(490,009)	(415,898)	(490,009)	(415,894)
- Aircraft operating lease expenses		(189,354)	(159,512)	(189,354)	(159,512)
- Other operating expenses	6	(191,831)	(269,225)	(196,596)	(268,401)
Other gains/(losses) - net	7	92,689	11,035	92,689	11,035
Other income	8	181,279	123,942	137,813	113,510
Share of results of joint ventures	14	13,599	(2,899)	-	-
Share of results of associates					
- Existing associates	15	82,695	48,495	-	-
- Disposed associate	15	(41,032)	(47,166)	-	-
		41,663	1,329	-	-
Operating profit		1,010,875	1,027,048	911,953	1,019,101
Finance income	9	64,208	79,391	64,192	79,237
Finance costs	9	(428,406)	(378,808)	(428,347)	(378,785)
Net operating profit		646,677	727,631	547,798	719,553
Foreign exchange (losses)/gains on borrowings	9	(397,795)	145,425	(397,795)	145,393
Foreign exchange gains/(losses) on amounts due from associates and joint ventures		34,088	(29,139)	34,088	(29,139)
Gain on disposal of interest in AirAsia Japan Co Ltd	15	78,265	-	-	-
Gain on disposal of interest in Thai AirAsia Co Ltd	40	-	118,640	-	-
Profit before taxation		361,235	962,557	184,091	835,807
Taxation					
- Current taxation	10	(18,910)	(18,245)	(18,910)	(18,194)
- Deferred taxation	10	19,799	(154,704)	19,799	(154,755)
		889	(172,949)	889	(172,949)
Net profit for the financial year		362,124	789,608	184,980	662,858
Net profit for the financial year attributable to:					
- Equity holders of the Company		362,124	789,608		
- Non-controlling interests		-	-		
		362,124	789,608		
Earnings per share (sen)					
- Basic	11	13.0	28.4		
- Diluted	11	13.0	28.4		

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 (restated)	2013 RM'000	2012 RM'000
Profit for the financial year		362,124	789,608	184,980	662,858
Other comprehensive income/(loss)					
Items that may be subsequently reclassified to profit or loss					
- Available-for-sale financial assets	16	265,788	110,284	265,788	110,284
- Cash flow hedges		178,213	61,215	178,213	61,215
- Foreign currency translation differences		404	(145)	-	-
Other comprehensive income for the financial year, net of tax		444,405	171,354	444,001	171,499
Total comprehensive income for the financial year		806,529	960,962	628,981	834,357
Total comprehensive income attributable to:					
- Equity holders of the Company		806,529	960,962		
- Non-controlling interests		-	-		
		806,529	960,962		

Balance Sheets

As at 31 December 2013

	Note	Group			Company		
		31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)
NON-CURRENT ASSETS							
Property, plant and equipment	12	11,292,826	9,786,030	8,586,451	11,288,171	9,786,030	8,586,146
Investment in subsidiaries	13	-	-	-	23,480	23,480	23,480
Investment in joint ventures	14	134,354	120,755	123,654	81,559	81,559	81,559
Investment in associates	15	260,483	162,845	39,079	29	29	29
Available-for-sale financial assets	16	571,895	308,792	152,942	561,770	295,982	152,942
Goodwill	17	7,334	7,334	7,334	-	-	-
Deferred tax assets	18	381,195	361,396	516,100	381,195	361,396	516,151
Receivables and prepayments	19	847,573	613,415	376,051	847,573	613,415	376,051
Deposits on aircraft purchase	20	642,394	483,795	367,768	642,394	483,795	367,768
Amounts due from associates	21	559,190	449,578	513,614	478,564	449,578	513,614
Derivative financial instruments	22	235,665	37,673	44,811	235,665	37,673	44,811
		14,932,909	12,331,613	10,727,804	14,540,400	12,132,937	10,662,551
CURRENT ASSETS							
Inventories	23	29,520	23,725	19,730	29,520	23,725	19,730
Receivables and prepayments	19	731,506	771,820	749,272	697,236	738,340	720,622
Derivative financial instruments	22	3,173	-	7,659	3,173	-	7,659
Amounts due from subsidiaries	24	-	-	-	191,120	174,730	105,409
Amounts due from joint ventures	25	33,703	10,765	4,526	11,431	3,066	4,526
Amounts due from associates	21	738,735	356,874	289,492	689,372	331,407	289,492
Amounts due from related parties	24	6,113	1,282	-	6,113	1,282	-
Deposits, cash and bank balances	26	1,380,435	2,232,731	2,105,010	1,306,926	2,166,999	2,079,712
Current tax recoverable		-	-	2,216	-	-	1,942
		2,923,185	3,397,197	3,177,905	2,934,891	3,439,549	3,229,092

Balance Sheets

As at 31 December 2013

	Note	Group			Company		
		31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)
LESS: CURRENT LIABILITIES							
Trade and other payables	27	744,998	666,148	727,604	660,309	638,007	693,435
Sales in advance		661,590	546,150	389,833	661,590	533,201	376,628
Amount due to a subsidiary	28	-	-	-	10,185	-	5,605
Amount due to a joint venture	25	-	-	19,761	151	-	50,087
Amount due to an associate	21	467	-	4,444	467	13,553	4,444
Amount due to a related party	28	15,145	12,639	10,560	15,145	12,639	10,560
Borrowings	29	1,119,436	1,126,154	594,231	1,119,436	1,126,154	594,231
Derivative financial instruments	22	29,545	35,419	38,011	29,545	35,419	38,011
Current tax liabilities		1,074	5,122	-	1,400	5,563	-
		2,572,255	2,391,632	1,784,444	2,498,228	2,364,536	1,773,001
NET CURRENT ASSETS		350,930	1,005,565	1,393,461	436,663	1,075,013	1,456,091
NON-CURRENT LIABILITIES							
Other payables and accruals	27	918,864	628,917	409,628	918,864	628,917	409,628
Amount due to an associate	21	60,859	54,499	-	60,859	54,499	-
Borrowings	29	9,051,416	7,283,185	7,186,919	9,051,416	7,283,185	7,186,919
Derivative financial instruments	22	251,768	510,208	488,321	251,768	510,208	488,321
		10,282,907	8,476,809	8,084,868	10,282,907	8,476,809	8,084,868
		5,000,932	4,860,369	4,036,397	4,694,156	4,731,141	4,033,774
CAPITAL AND RESERVES							
Share capital	30	278,106	277,991	277,809	278,106	277,991	277,809
Share premium		1,229,068	1,227,935	1,226,150	1,229,068	1,227,935	1,226,150
Foreign exchange reserve		855	451	596	-	-	-
Retained earnings	31	2,926,491	3,231,581	2,580,930	2,620,570	3,102,804	2,578,903
Other reserves		566,412	122,411	(49,088)	566,412	122,411	(49,088)
Shareholders' equity		5,000,932	4,860,369	4,036,397	4,694,156	4,731,141	4,033,774

Consolidated Statement of Changes In Equity

For the Financial Year Ended 31 December 2013

Attributable to equity holders of the Company											
Issued and fully paid ordinary shares of RM0.10 each											
Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Cash flow hedge reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
At 1 January 2013											
- as previously reported	2,779,908	277,991	1,227,935	451	(98,148)	220,559	4,273,311	5,902,099	-	5,902,099	
- effects of adoption of MFRS 128	40	-	-	-	-	-	(1,041,730)	(1,041,730)	-	(1,041,730)	
- as restated	2,779,908	277,991	1,227,935	451	(98,148)	220,559	3,231,581	4,860,369	-	4,860,369	
Net profit for the financial year	-	-	-	-	-	-	362,124	362,124	-	362,124	
Other comprehensive income	-	-	-	404	178,213	265,788	-	444,405	-	444,405	
Total comprehensive income	-	-	-	404	178,213	265,788	362,124	806,529	-	806,529	
Dividends	32	-	-	-	-	-	(667,214)	(667,214)	-	(667,214)	
Issuance of ordinary shares											
- pursuant to the Employee Share Option Scheme ('ESOS')	30	1,156	115	1,133	-	-	-	1,248	-	1,248	
At 31 December 2013	2,781,064	278,106	1,229,068	855	80,065	486,347	2,926,491	5,000,932	-	5,000,932	
At 1 January 2012											
	2,778,087	277,809	1,226,150	596	(159,363)	110,275	2,580,930	4,036,397	-	4,036,397	
Net profit for the financial year	-	-	-	-	-	-	1,831,338	1,831,338	-	1,831,338	
Effects of adoption of MFRS128	40	-	-	-	-	-	(1,041,730)	(1,041,730)	-	(1,041,730)	
Net profit for the financial year (restated)	-	-	-	-	-	-	789,608	789,608	-	789,608	
Other comprehensive (loss)/income	-	-	-	(145)	61,215	110,284	-	171,354	-	171,354	
Total comprehensive (loss)/income (restated)	-	-	-	(145)	61,215	110,284	789,608	960,962	-	960,962	
Dividend	32	-	-	-	-	-	(138,957)	(138,957)	-	(138,957)	
Issuance of ordinary shares											
- pursuant to the Employee Share Option Scheme ('ESOS')	30	1,821	182	1,785	-	-	-	1,967	-	1,967	
At 31 December 2012 (restated)	2,779,908	277,991	1,227,935	451	(98,148)	220,559	3,231,581	4,860,369	-	4,860,369	

Company Statement of Changes In Equity

For the Financial Year Ended 31 December 2013

	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable	Total RM'000	
		Number of shares '000	Nominal value RM'000	Cash flow hedge reserve RM'000	Available-for-sale reserve RM'000	Share premium RM'000		Retained earnings RM'000
At 1 January 2013		2,779,908	277,991	(98,148)	220,559	1,227,935	3,102,804	4,731,141
Net profit for the financial year		-	-	-	-	-	184,980	184,980
Other comprehensive income		-	-	178,213	265,788	-	-	444,001
Total comprehensive income		-	-	178,213	265,788	-	184,980	628,981
Dividends	32	-	-	-	-	-	(667,214)	(667,214)
Issuance of shares								
- pursuant to the Employee Share Option Scheme ('ESOS')	30	1,156	115	-	-	1,133	-	1,248
At 31 December 2013		2,781,064	278,106	80,065	486,347	1,229,068	2,620,570	4,694,156
At 1 January 2012		2,778,087	277,809	(159,363)	110,275	1,226,150	2,578,903	4,033,774
Net profit for the financial year		-	-	-	-	-	662,858	662,858
Other comprehensive income		-	-	61,215	110,284	-	-	171,499
Total comprehensive income		-	-	61,215	110,284	-	662,858	834,357
Dividend	32	-	-	-	-	-	(138,957)	(138,957)
Issuance of shares								
- pursuant to the Employee Share Option Scheme ('ESOS')	30	1,821	182	-	-	1,785	-	1,967
At 31 December 2012		2,779,908	277,991	(98,148)	220,559	1,227,935	3,102,804	4,731,141

Cash Flow Statements

For the Financial Year Ended 31 December 2013

	Group		Company	
	2013 RM'000	2012 RM'000 (restated)	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	361,235	962,557	184,091	835,807
Adjustments:				
Property, plant and equipment				
- Depreciation	597,258	567,176	596,827	567,176
- Gain on disposals	(3,036)	(9,328)	(3,036)	(9,328)
Gain on disposal of interest in AirAsia Japan Co Ltd	(78,265)	-	-	-
Gain on disposal of interest in Thai AirAsia Co Ltd	-	(118,640)	-	-
Impairment on available-for-sale financial asset	2,685	-	-	-
Impairment of trade and other receivables	18,864	-	16,382	-
Impairment of amount due from a subsidiary	-	-	5,306	-
Fair value (gain)/loss on derivative financial instruments	(287,266)	95,308	(287,266)	95,308
Share of results of joint ventures	(13,599)	2,899	-	-
Share of results of associates	(41,663)	(1,329)	-	-
Net unrealised foreign exchange loss/(gain)	517,669	(205,524)	517,669	(205,492)
Interest expense	428,406	378,808	428,347	378,785
Interest income	(64,208)	(79,391)	(64,192)	(79,237)
	1,438,080	1,592,536	1,394,128	1,583,019
Changes in working capital:				
Inventories	(5,795)	(3,995)	(5,795)	(3,995)
Receivables and prepayments	(197,217)	(268,116)	(193,945)	(263,141)
Trade and other payables	464,809	315,856	420,750	316,254
Related party balances	(369,431)	(2,142)	(355,875)	(55,071)
Cash generated from operations	1,330,446	1,634,139	1,259,263	1,577,066
Interest paid	(411,117)	(378,808)	(411,117)	(378,485)
Interest received	64,208	79,391	64,192	79,237
Tax paid	(22,399)	(10,856)	(22,399)	(10,689)
Net cash from operating activities	961,138	1,323,866	889,939	1,267,129
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, plant and equipment				
- Additions	(2,117,455)	(1,772,597)	(2,112,369)	(1,772,597)
- Proceeds from disposals	16,437	15,170	16,437	14,865
Loan repayment received from associates	30,649	31,090	30,649	31,090
Proceeds from disposal of associate	78,265	-	-	-
Investment in associates	(55,975)	(16,608)	-	-
Loans granted to associate	(145,514)	-	(64,888)	-
Deposits on aircraft purchase	(152,483)	(128,740)	(152,483)	(128,740)
Purchases of available-for-sale financial assets	-	(32,756)	-	(32,756)
Placement of restricted cash	(171,529)	-	(171,529)	-
Net cash used in investing activities	(2,517,605)	(1,904,441)	(2,454,183)	(1,888,138)

Cash Flow Statements

For the Financial Year Ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 (restated)	2013 RM'000	2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from allotment of shares		1,248	1,967	1,248	1,967
Proceeds from borrowings		2,424,972	1,533,298	2,424,972	1,533,298
Repayment of borrowings		(1,250,227)	(662,376)	(1,250,227)	(662,376)
Dividends paid		(667,214)	(138,957)	(667,214)	(138,957)
Deposits pledged as securities		(928)	(1,094)	(928)	(1,094)
Net cash from financing activities		507,851	732,838	507,851	732,838
NET (DECREASE)/INCREASE FOR THE FINANCIAL YEAR					
		(1,048,616)	152,263	(1,056,393)	111,829
CURRENCY TRANSLATION DIFFERENCES					
		23,863	(25,636)	23,863	(25,636)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		2,219,243	2,092,616	2,153,511	2,067,318
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	26	1,194,490	2,219,243	1,120,981	2,153,511
SIGNIFICANT NON-CASH TRANSACTIONS					
Total purchase of property, plant and equipment during the financial year	12	(2,117,455)	(1,896,197)	(2,112,369)	(1,896,197)
Settlement by lessors on behalf of the Company for purchase of aircraft		-	123,600	-	123,600
Net cash used in purchase of property, plant and equipment		(2,117,455)	(1,772,597)	(2,112,369)	(1,772,597)
Net book value of property, plant and equipment disposed during the financial year					
	12	13,401	129,442	13,401	129,137
Gain on disposal of property, plant and equipment					
		3,036	9,328	3,036	9,328
Total proceeds from disposal of property, plant and equipment					
		16,437	138,770	16,437	138,465
Settlement by lessors on behalf of the Company for purchase of aircraft					
		-	(123,600)	-	(123,600)
Net cash proceeds received from disposal of property, plant and equipment		16,437	15,170	16,437	14,865

Notes to the Financial Statements

31 December 2013

1 GENERAL INFORMATION

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

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

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

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

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 April 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

Notes to the Financial Statements

31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on or after 1 January 2013 are as follows:

- MFRS 10, 'Consolidated Financial Statements'
- MFRS 11 'Joint Arrangements'
- MFRS 12 'Disclosures of Interests in Other Entities'
- MFRS 13 'Fair Value Measurement'
- The revised MFRS 127 'Separate Financial Statements'
- The revised MFRS 128 'Investments in Associates and Joint Ventures'
- Amendments to MFRS 101 'Presentation of Items of Other Comprehensive Income'
- Amendment to MFRS 119 'Employee Benefits'
- Amendment to MFRS 7 'Financial Instruments: Disclosures'
- Amendments to MFRS 10, 11 & 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'
- Annual Improvements 2009 - 2011 Cycle

Standards early adopted by the Group and Company

The amendments to MFRS 136 'Impairment of assets' removed certain disclosures of the recoverable amount of cash generating units ('CGUs') which had been included in MFRS 136 by the issuance of MFRS 13. The amendment is not mandatory for the Group and Company until 1 January 2014, however the Group and Company has decided to early adopt the amendment as of 1 January 2013.

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

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

(i) Effective for financial year beginning on or after 1 January 2014

- Amendment to MFRS 132 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.
- Amendments to MFRS 10, MFRS 12 and MFRS 127 (effective from 1 January 2014) introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

(ii) Effective date yet to be determined by Malaysian Accounting Standards Board

- MFRS 9 'Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities' replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group has yet to assess MFRS 9's full impact. The Group will also consider the impact of the remaining phases of MFRS 9 when completed by the Board.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in a joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised. Where an entity loses joint control over a joint venture but retains significant influence, the Group does not re-measure its continued ownership interest at fair value.

Notes to the Financial Statements

31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(ii) Joint arrangements (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Associates

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

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

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

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

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

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(e) Goodwill

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2(s) on borrowing costs).

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Significant parts of an item of property, plant and property are depreciated separately over their estimated useful lives in accordance with the principle in MFRS 116 "Property, Plant and Equipment". Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives.

The useful lives for this purpose are as follows:

Aircraft	
- engines and airframe excluding service potential	25 years
- service potential of engines and airframe	8 or 13 years
Aircraft spares	10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Buildings	
- simulator	28.75 years
- hangar	50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years
Office renovation	5 years
Simulator equipment	25 years
Operating plant and ground equipment	5 years
In-flight equipment	5 years
Training equipment	5 years

Service potential of 8 years represents the period over which the expected cost of the first major aircraft engine overhaul is depreciated. Subsequent to the engine overhaul, the actual cost incurred is capitalised and depreciated over the subsequent 8 years.

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

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

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates are adjusted accordingly on a prospective basis. For the current financial year ended 31 December 2013, the estimated residual value for aircraft airframes and engines is 10% of their cost (2012: 10% of their cost).

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

Notes to the Financial Statements

31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (continued)

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

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

(g) Investments in subsidiaries, joint ventures and associates

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see Note 2(h)). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(h) Impairment of non-financial assets

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

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(i) Maintenance and overhaul

Owned aircraft

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

Leased aircraft

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(j) Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

LesseeFinance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

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

Operating leases

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

LessorOperating leases

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

(k) Inventories

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

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

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

Notes to the Financial Statements

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Financial assets

(i) Classification

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges (see Note 2(n)). Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

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

Available-for-sale financial assets

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

(ii) Recognition and initial measurement

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

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

(iii) Subsequent measurement – gains and losses

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

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

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

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

Assets classified as available-for-sale

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

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

Notes to the Financial Statements

31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (continued)

(v) De-recognition

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

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

(m) Offsetting financial instruments

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

(n) Derivative financial instruments and hedging activities

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2(l). The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

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

Cash flow hedge

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(o) Trade receivables**

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

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

(p) Cash and cash equivalents

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

(q) Provisions

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

(r) Share capital**(i) Classification**

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share issue costs

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

(iii) Dividends distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(s) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Borrowings and borrowing costs (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits including unused investment allowance can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Employee benefits

(i) Short term employee benefits

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(u) Employee benefits (continued)****(ii) Defined contribution plan**

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

(v) Revenue recognition

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

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

Rental income is recognised on an accrual basis.

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

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

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

(w) Foreign currencies**(i) Functional and presentation currency**

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

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

Notes to the Financial Statements

31 December 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Foreign currencies (continued)

(ii) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(iii) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(x) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Contingent liabilities

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

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

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

(z) Segment reporting

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

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

(ii) Deferred tax assets

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

Notes to the Financial Statements

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4 REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Passenger seat sales	3,004,429	3,255,612	3,004,429	3,255,612
Baggage fees	442,677	392,142	442,677	392,142
Aircraft operating lease income	666,247	534,873	666,247	534,873
Surcharges and fees	587,972	378,685	587,972	378,685
Other revenue	410,497	384,779	410,497	384,779
	5,111,822	4,946,091	5,111,822	4,946,091

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

5 STAFF COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages, salaries, bonus and allowances	554,085	521,806	550,074	521,719
Defined contribution retirement plan	56,820	58,488	56,691	58,488
	610,905	580,294	606,765	580,207

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

	Group and Company	
	2013 RM'000	2012 RM'000
<u>Executive Directors</u>		
- basic salaries, bonus and allowances	6,925	13,104
- defined contribution plan	831	1,404
<u>Non-Executive Directors</u>		
- fees	1,659	1,706
	9,415	16,214

5 STAFF COSTS (CONTINUED)

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

	Executive		Non-Executive	
	2013	2012	2013	2012
<u>Range of remuneration</u>				
Below RM150,000	-	-	5	-
RM150,001 to RM200,000	-	-	1	1
RM200,001 to RM250,000	-	-	1	1
RM250,001 to RM300,000	-	-	1	3
RM300,001 to RM350,000	-	-	1	1
RM1,000,001 to RM2,000,000	1	1	-	-
RM2,000,001 to RM3,000,000	1	-	-	-
RM3,000,001 to RM4,000,000	1	-	-	-
RM4,000,001 to RM5,000,000	-	-	-	-
RM5,000,001 to RM6,000,000	-	1	-	-
RM6,000,001 to RM7,000,000	-	1	-	-

There are no outstanding options over the ordinary shares of the Company granted under ESOS to the Directors at the balance sheet date (2012: Nil).

6 OTHER OPERATING EXPENSES

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Impairment of amount due from a subsidiary	-	-	5,306	-
Impairment of available-for-sale financial asset	2,685	-	-	-
Regional expenses incurred	45,438	-	45,438	-
Impairment of trade and other receivables	18,864	-	16,382	-
Rental of land and building	6,310	6,140	6,310	6,140
Auditors' remuneration				
- audit fees	885	700	843	675
- non-audit fees	154	169	154	169
Rental of equipment	2,255	2,929	2,255	2,929
Advertising costs	42,316	35,408	42,316	35,327
Net foreign exchange losses/(gains) from operations				
- Realised	17,137	29,440	17,137	29,440
- Unrealised	(35,010)	49,834	(35,010)	49,834

Notes to the Financial Statements

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7 OTHER GAINS/(LOSSES) - NET

	Group and Company	
	2013 RM'000	2012 RM'000
Interest rate contracts - Held for trading	48,112	20,613
Forward foreign exchange contracts - Held for trading	44,634	(5,262)
Fuel contracts - Held for trading	-	(4,231)
Ineffectiveness on cash flow hedges (Note 22)	(57)	(85)
	92,689	11,035

8 OTHER INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gain on disposals of property, plant and equipment	3,036	9,328	3,036	9,328
Others	178,243	114,614	134,777	104,182
	181,279	123,942	137,813	113,510

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

9 FINANCE INCOME/(COSTS)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Finance income:				
- deposits with licensed banks	4,779	12,034	4,779	12,034
- short term deposits with fund management companies	759	3,017	759	3,017
- interest income on amounts due from associates and joint ventures	49,628	51,174	49,628	51,042
- other interest income	9,042	13,166	9,026	13,144
	64,208	79,391	64,192	79,237
Finance costs:				
Interest expense				
- bank borrowings	(418,794)	(369,418)	(418,794)	(369,418)
- amortisation of premiums for interest rate caps	(8,032)	(7,895)	(8,032)	(7,895)
Bank facilities and other charges	(1,580)	(1,495)	(1,521)	(1,472)
	(428,406)	(378,808)	(428,347)	(378,785)
FOREIGN EXCHANGE (LOSSES)/GAINS				
Borrowings:				
- realised	(5,606)	(3,590)	(5,606)	(3,590)
- unrealised	(586,767)	255,358	(586,767)	255,326
- fair value movement recycled from cash flow hedge reserve	194,578	(106,343)	194,578	(106,343)
	(397,795)	145,425	(397,795)	145,393

10 TAXATION

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current taxation	18,910	18,587	18,910	18,536
Over accrual of income tax in prior years	-	(342)	-	(342)
	18,910	18,245	18,910	18,194
Deferred taxation (Note 18)	(19,799)	154,704	(19,799)	154,755
	(889)	172,949	(889)	172,949
Current taxation				
- Current financial year	18,910	18,587	18,910	18,536
- Over accrual of income tax in prior years	-	(342)	-	(342)
	18,910	18,245	18,910	18,194
Deferred taxation				
- Origination and reversal of temporary differences	68,468	241,753	68,468	241,804
- Tax incentives	(88,267)	(87,049)	(88,267)	(87,049)
	(19,799)	154,704	(19,799)	154,755
	(889)	172,949	(889)	172,949

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

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

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(restated)		
Profit before taxation	361,235	962,557	184,091	835,807
Tax calculated at Malaysian tax rate of 25% (2012: 25%)	90,309	240,639	46,023	208,952
Tax effects of:				
- expenses not deductible for tax purposes	107,711	56,264	107,711	54,713
- income not subject to tax	(31,419)	(36,956)	(949)	(3,325)
- associates' results reported net of tax	(10,416)	(332)	-	-
- joint ventures' results reported net of tax	(3,400)	725	-	-
- tax incentives	(137,133)	(87,049)	(137,133)	(87,049)
- change in statutory tax rate	(16,541)	-	(16,541)	-
- over accrual of income tax in prior years	-	(342)	-	(342)
Taxation	(889)	172,949	(889)	172,949

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11 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2013	2012 (restated)
Net profit for the financial year (RM'000)	362,124	789,608
Weighted average number of ordinary shares in issue ('000)	2,780,542	2,779,057
Earnings per share (sen)	13.0	28.4

(b) Diluted earnings per share

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

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

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

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

	Group	
	2013	2012 (restated)
Net profit for the financial year (RM'000)	362,124	789,608
Weighted average number of ordinary shares in issue ('000)	2,780,542	2,779,057
Adjustment for ESOS ('000)	2,020	3,124
Weighted average number of ordinary shares for diluted earnings per share	2,782,562	2,782,181
Diluted earnings per share (sen)	13.0	28.4

12 PROPERTY, PLANT AND EQUIPMENT

	At 1 January 2013 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge RM'000	At 31 December 2013 RM'000
Group					
<u>Net book value</u>					
Aircraft engines, airframe and service potential	9,563,749	2,036,509	(4,050)	(546,655)	11,049,553
Aircraft spares	125,207	32,220	(6,781)	(25,371)	125,275
Aircraft fixtures and fittings	18,647	13,383	(686)	(7,192)	24,152
Buildings	34,581	-	-	(1,404)	33,177
Motor vehicles	4,811	3,508	(1,507)	(1,945)	4,867
Office equipment, furniture and fittings	19,705	7,990	(74)	(7,496)	20,125
Office renovation	6,218	4,209	-	(2,311)	8,116
Simulator equipment	1,138	-	-	(39)	1,099
Operating plant and ground equipment	9,795	5,741	(303)	(3,743)	11,490
In-flight equipment	816	99	-	(317)	598
Training equipment	1,363	-	-	(785)	578
Work in progress	-	13,796	-	-	13,796
	9,786,030	2,117,455	(13,401)	(597,258)	11,292,826

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
Group				
<u>At 31 December 2013</u>				
Aircraft engines, airframe and service potential	13,844,568	(2,795,015)	-	11,049,553
Aircraft spares	278,869	(136,611)	(16,983)	125,275
Aircraft fixtures and fittings	95,845	(71,693)	-	24,152
Buildings	41,204	(8,027)	-	33,177
Motor vehicles	22,595	(17,728)	-	4,867
Office equipment, furniture and fittings	69,692	(49,567)	-	20,125
Office renovation	21,557	(13,441)	-	8,116
Simulator equipment	4,967	(3,868)	-	1,099
Operating plant and ground equipment	41,037	(29,547)	-	11,490
In-flight equipment	1,831	(1,233)	-	598
Training equipment	4,419	(3,841)	-	578
Work in progress	13,796	-	-	13,796
	14,440,380	(3,130,571)	(16,983)	11,292,826

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 1 January 2013 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge RM'000	At 31 December 2013 RM'000
Company					
<u>Net book value</u>					
Aircraft engines, airframe and service potential	9,563,749	2,036,509	(4,050)	(546,655)	11,049,553
Aircraft spares	125,207	32,220	(6,781)	(25,371)	125,275
Aircraft fixtures and fittings	18,647	13,383	(686)	(7,192)	24,152
Buildings	34,581	-	-	(1,404)	33,177
Motor vehicles	4,811	3,508	(1,507)	(1,945)	4,867
Office equipment, furniture and fittings	19,705	6,477	(74)	(7,356)	18,752
Office renovation	6,218	636	-	(2,020)	4,834
Simulator equipment	1,138	-	-	(39)	1,099
Operating plant and ground equipment	9,795	5,741	(303)	(3,743)	11,490
In-flight equipment	816	99	-	(317)	598
Training equipment	1,363	-	-	(785)	578
Work in progress	-	13,796	-	-	13,796
	9,786,030	2,112,369	(13,401)	(596,827)	11,288,171

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Net book value RM'000
Company				
<u>At 31 December 2013</u>				
Aircraft engines, airframe and service potential	13,844,568	(2,795,015)	-	11,049,553
Aircraft spares	278,869	(136,611)	(16,983)	125,275
Aircraft fixtures and fittings	95,845	(71,693)	-	24,152
Buildings	41,204	(8,027)	-	33,177
Motor vehicles	22,595	(17,728)	-	4,867
Office equipment, furniture and fittings	68,179	(49,427)	-	18,752
Office renovation	17,984	(13,150)	-	4,834
Simulator equipment	4,967	(3,868)	-	1,099
Operating plant and ground equipment	41,037	(29,547)	-	11,490
In-flight equipment	1,831	(1,233)	-	598
Training equipment	4,419	(3,841)	-	578
Work in progress	13,796	-	-	13,796
	14,435,294	(3,130,140)	(16,983)	11,288,171

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12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

	Group and Company	
	2013 RM'000	2012 RM'000
Net book value of owned aircraft sub-leased to associates	4,254,518	3,494,822
Aircraft pledged as security for borrowings (Note 29)	11,049,553	9,561,999

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

During the financial year, the Company revised the estimated useful life of its engine service potential from 7 years to 8 years. The reduction in depreciation charges for the financial year arising from the revision amounted to RM41,988,000.

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted investments, at cost	23,516	27,316
Less: Accumulated impairment losses	(36)	(3,836)
	23,480	23,480
At 1 January/31 December	23,480	23,480

The details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2013 %	2012 %	
<u>Directly held by the Company</u>				
AirAsia Investment Ltd ("AAIL")	Malaysia	100	100	Investment holding
AirAsia Go Holiday Sdn Bhd ("AGH")	Malaysia	100	100	Tour operating business
AirAsia (Mauritius) Limited *	Mauritius	100	100	Providing aircraft leasing facilities to Thai AirAsia Co. Ltd
AirAsia Corporate Services Limited *	Malaysia	100	100	Facilitate business transactions for AirAsia Group with non-resident goods and service providers
Aras Sejahta Sdn Bhd	Malaysia	100	100	Special purpose vehicle for financing arrangements required by AirAsia
Koolred Sdn Bhd ("Koolred")	Malaysia	100	100	Investment holding
Asia Air Limited **	United Kingdom	-	100	To provide and promote AirAsia's in-flight food to the European market, currently dormant
AirAsia Global Shared Services Sdn Bhd ("AGSS")	Malaysia	100	-	To provide shared services and outsourcing for its affiliates
<u>Held by AGH</u>				
AirAsia Exp Pte Ltd ("AAE") *	Singapore	100	100	Investment holding
<u>Held by AAIL</u>				
AirAsia Capital Ltd *	Malaysia	100	100	Dormant

* Not audited by PricewaterhouseCoopers, Malaysia

** Approved for strike off from Registrar of Companies for England and Wales on 18 June 2013

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13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

On 8 May 2013, as a wholly-owned subsidiary of the Company, AirAsia Global Shared Services Sdn Bhd (“AGSS”) was incorporated in Malaysia to act as a shared services and outsourcing hub for the Company and its affiliates. The initial share capital of AGSS is RM2.00 comprising of 2 ordinary shares of RM1.00 each.

14 INVESTMENT IN JOINT VENTURES

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Represented by:				
Unquoted investments, at cost	111,674	111,674	81,559	81,559
Share of post-acquisition reserves	22,680	9,081	-	-
	134,354	120,755	81,559	81,559

The joint ventures listed below have share capital consisting solely of ordinary shares, which are directly held by the Group:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2013 %	2012 %	
Think Big Digital Sdn Bhd (“BIG”)	Malaysia	50	50	Financial services
Asian Aviation Centre of Excellence Sdn Bhd (“AACOE”)	Malaysia	50	50	Aviation training
<u>Held by AAE</u>				
AAE Travel Pte Ltd (“AAE Travel”)	Singapore	50	50	Online travel agency

All the joint ventures listed above are private companies for which there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

BIG is a strategic partner of the Company and is based in Malaysia. BIG provides expertise in the operation of an airline loyalty scheme which will enable the Company to earn incremental revenue from the redemption of loyalty points issued by BIG.

AACOE is an aviation training centre with operations in Malaysia and Singapore. AACOE is a strategic partner of the Company and provides initial and recurrent training for both pilots and flight attendants. AACOE also provides training to TAA, IAA and PAA and other airline clients in the region.

14 INVESTMENT IN JOINT VENTURES (CONTINUED)

AAE Travel is an online travel agent based in Singapore. AAE Travel is a strategic partner and sells both hotel accommodation and flights across the Asean region. AAE Travel provides the Company with an additional distribution channel and access to a wider market.

Summarised financial information for joint ventures

Set out below are the summarised financial information for the joint ventures which are accounted for using the equity method:

Summarised balance sheet

	AACOE		AAE Travel		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Current</u>						
Cash and cash equivalents	77,721	13,768	76,179	45,214	153,900	58,982
Other current assets	35,714	37,564	15,274	15,959	50,988	53,523
Total current assets	113,435	51,332	91,453	61,173	204,888	112,505
Financial liabilities (excluding trade payables)	(23,790)	(73,433)	(8,377)	(7,299)	(32,167)	(80,732)
Other current liabilities (including trade payables)	(22,327)	(3,426)	(26,771)	(15,171)	(49,098)	(18,597)
Total current liabilities	(46,117)	(76,859)	(35,148)	(22,470)	(81,265)	(99,329)
<u>Non-current</u>						
Assets	264,567	224,934	6,101	7,425	270,668	232,359
Financial liabilities	(125,583)	(4,025)	-	-	(125,583)	(4,025)
Total non-current liabilities	(125,583)	(4,025)	-	-	(125,583)	(4,025)
Net assets	206,302	195,382	62,406	46,128	268,708	241,510

Summarised statement of comprehensive income

	AACOE		AAE Travel		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	88,927	76,972	312,409	240,209	401,336	317,181
Depreciation and amortisation	(17,633)	(13,282)	(3,084)	(1,491)	(20,717)	(14,774)
Interest income	-	-	12,499	2,282	12,499	2,282
Interest expense	(2,102)	(2,227)	-	-	(2,102)	(2,227)
Profit/(loss) before taxation	23,128	17,824	18,027	(23,431)	41,155	(5,607)
Income tax expense	(12,208)	-	(1,750)	(418)	(13,958)	(418)
Profit/(loss) after taxation	10,920	17,824	16,277	(23,849)	27,197	(6,025)
Other comprehensive loss	-	-	-	(171)	-	(171)
Total comprehensive income	10,920	17,824	16,277	(24,020)	27,197	(6,196)
Dividends received from joint ventures	-	-	-	-	-	-

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14 INVESTMENT IN JOINT VENTURES (CONTINUED)

Reconciliations of summarised financial information

	AACOE		AAE Travel		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Opening net assets at 1 January	195,382	177,558	46,129	69,750	241,511	247,308
Profit/(loss) for the financial year	10,920	17,824	16,277	(23,849)	27,197	(6,025)
Other comprehensive loss	-	-	-	(171)	-	(171)
Foreign exchange differences	-	-	-	398	-	398
Closing net assets at 31 December	206,302	195,382	62,406	46,128	268,708	241,510
Interest in joint ventures at 50%	103,151	97,691	31,203	23,064	134,354	120,755
Carrying value at 31 December	103,151	97,691	31,203	23,064	134,354	120,755

The Group has discontinued the recognition of its share of losses made by BIG as the Group's interest in BIG had been reduced to zero and the Group has not incurred any obligations or guaranteed any obligations in respect of this joint venture. The Group's share of loss of BIG for the financial year, which has not been equity accounted for, amounted to RM23.3 million. As at 31 December 2013, the unrecognised amounts of the Group's share of losses of BIG which have not been equity accounted for amounted to RM33.1 million (2012: RM9.8 million).

15 INVESTMENT IN ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted investments, at cost	186,223	171,280	29	29
Group's share of post-acquisition profits/(losses)	74,260	(8,435)	-	-
	260,483	162,845	29	29

15 INVESTMENT IN ASSOCIATES (CONTINUED)

The details of the associates are as follows:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2013 %	2012 %	
AirAsia Philippines Inc	Philippines	39.9	39.9	Providing air transportation services, currently dormant
Asian Contact Centres Sdn. Bhd.	Malaysia	50.0	50.0	Providing end-to-end solutions for customers contact management and contact centre
<u>Held by AAIL</u>				
PT Indonesia AirAsia ("IAA")	Indonesia	48.9	48.9	Commercial air transport services
Thai AirAsia Co. Ltd ("TAA")	Thailand	45.0	45.0	Commercial air transport services
AirAsia Go Holiday Co. Ltd	Thailand	49.0	49.0	Tour operating business, currently dormant
AirAsia Inc ("PAA")	Philippines	40.0	40.0	Commercial air transport services
AirAsia Japan Co., Ltd ("JAA")	Japan	-	49.0	Commercial air transport services
AirAsia (India) Private Limited ("AAIPL")	India	49.0	-	Commercial air transport services - currently not operating

All the associates listed above are private companies for which there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

TAA, IAA and PAA are all operators of commercial air transport services which are based in Thailand, Indonesia and the Philippines respectively. These associate companies are strategic investments of the Company and form an essential part of the Company's growth strategy. They provide access to a wider geographical market and network coverage in the provision of air transport services across the Asean region.

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15 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information for associates

Set out below are the summarised financial information for the associates which are accounted for using the equity method:

Summarised balance sheet

	AAIPL		TAA		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current						
Cash and cash equivalents	23,169	-	196,152	386,138	219,321	386,138
Other current assets	739	-	617,874	327,400	618,613	327,400
Total current assets	23,908	-	814,026	713,538	837,934	713,538
Financial liabilities						
(excluding trade payables)	(191)	-	(707,978)	(488,618)	(708,169)	(488,618)
Other current liabilities (including trade payables)	-	-	(15,230)	(6,982)	(15,230)	(6,982)
Total current liabilities	(191)	-	(723,208)	(495,600)	(723,399)	(495,600)
Non-current						
Assets	383	-	1,257,240	336,029	1,257,623	336,029
Financial liabilities	-	-	(795,449)	(192,089)	(795,449)	(192,089)
Total non-current liabilities	-	-	(795,449)	(192,089)	(795,449)	(192,089)
Net assets	24,100	-	552,609	361,878	576,709	361,878

Summarised statement of comprehensive income

	AAIPL		TAA		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	-	-	2,408,378	1,921,349	2,408,378	1,921,349
Depreciation and amortisation	(4)	-	(38,381)	(10,551)	(38,385)	(10,551)
Interest income	385	-	43,063	8,372	43,448	8,372
Interest expense	-	-	(6,611)	(2,024)	(6,611)	(2,024)
(Loss)/profit before taxation	(6,398)	-	263,739	184,292	257,341	184,292
Income tax expense	-	-	(67,093)	(31,891)	(67,093)	(31,891)
(Loss)/profit after taxation	(6,398)	-	196,646	152,401	190,248	152,401
Other comprehensive income	-	-	1,307	(338)	1,307	(338)
Total comprehensive income	(6,398)	-	197,953	152,063	191,555	152,063
Dividends received from associates	-	-	-	-	-	-

15 INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliations of summarised financial information

	AAIPL		TAA		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Opening net assets at 1 January	-	-	361,878	(54,544)	361,878	(54,544)
Investment during the financial year	30,498	-	-	-	30,498	-
Impact of adoption of new standard on retained earnings	-	-	(2,770)	-	(2,770)	-
(Loss)/profit for the financial year	(6,398)	-	196,646	152,401	190,248	152,401
Other comprehensive income/(loss)	-	-	1,307	(338)	1,307	(338)
Foreign exchange differences	-	-	(4,452)	(1,691)	(4,452)	(1,691)
Ordinary shares issued	-	-	-	266,050	-	266,050
Closing net assets at 31 December	24,100	-	552,609	361,878	576,709	361,878
Interest in associates at 49%, 45%	11,809	-	248,674	162,845	260,483	162,845
Carrying value at 31 December	11,809	-	248,674	162,845	260,483	162,845

The Group has discontinued the recognition of its share of losses made by IAA and PAA as the Group's interests in IAA and PAA had been reduced to zero and the Group has not incurred any obligations or guaranteed any obligations in respect of these associates. The Group's share of losses of IAA and PAA for the current financial year, which have not been equity accounted for, amounted to RM55.3 million and RM36.0 million respectively. As at 31 December 2013, the unrecognised amounts of the Group's share of losses of IAA and PAA which have not been equity accounted for amounted to RM218.5 million (2012: RM163.2 million) and RM65.8 million (2012: RM29.8 million) respectively.

Acquisition of interests in associates during the financial year ended 31 December 2013

On 18 April 2013, the Company, through its wholly-owned subsidiary, AAIL, entered into a Shareholders' Agreement and a Share Subscription Agreement with Tata Sons Limited ("TSL") and Telestra Tradeplace Private Limited ("Telestra") for the purpose of forging a joint venture cooperation between the Company, TSL and Telestra to establish a low cost airline in India, i.e. AirAsia (India) Private Limited ("AAIPL"). On that date, AAIL subscribed to 24,500,000 ordinary shares, representing 49% of the paid-up capital in AAIPL for a consideration of INR245 million (equivalent to RM14.9 million).

On 25 March 2013, the Company, through its wholly-owned subsidiary, AAIL, acquired additional interest in AirAsia Japan Co. Ltd ("JAA") of 24,500 ordinary shares, maintaining the Group's 49% interest in JAA for a consideration of JPY1,225 million (equivalent to RM41 million).

Subsequently, on 25 June 2013, the Company terminated the joint venture on JAA with ANA Holdings Inc ("ANA") by entering into a Termination Agreement with JAA and ANA. The total amount of the issued and paid-up share capital of JAA is JPY5,000 million. The Company had subscribed, through AAIL, 25,120 voting shares and 23,880 non-voting shares at JPY50,000 per share, representing 49% of the paid-up share capital in JAA. The shares were disposed to ANA for a consideration of JPY2,450 million (equivalent to RM78.3 million). The resulting gain from the disposal recognised during the financial year was RM78.3 million.

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16 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Non-current</u>				
At 1 January	308,792	152,942	295,982	152,942
Reclassified from investments in associates (Note 15)	-	12,810	-	-
Additions	-	32,756	-	32,756
Fair value gain - recognised in other comprehensive income	265,788	110,284	265,788	110,284
Impairment loss charged for the year (Note 6)	(2,685)	-	-	-
At 31 December	571,895	308,792	561,770	295,982

The Group's investments in Tune Insurance Holdings Berhad ("TIH"), AirAsia X Berhad ("AAX"), Flight Focus Pte Ltd ("Flight Focus") and Merlot Aero Limited ("Merlot") are classified as available-for-sale financial assets.

The Company had in the previous financial year subscribed 42,666,667 Redeemable Convertible Preference Shares Series 1 of RM1.00 each ("RCPS") in AAX. On 10 May 2013, the Company converted the said 42,666,667 RCPS, on one-to-one basis, into 42,666,667 new Ordinary Shares of RM1.00 each in the share capital of AAX in accordance with the terms of the RCPS, without further consideration.

17 GOODWILL

	Group	
	2013 RM'000	2012 RM'000
<u>Cost</u>		
At 1 January and 31 December	7,334	7,334

The carrying amount of goodwill allocated to the Group's cash-generating unit is as follows:

	Group	
	2013 RM'000	2012 RM'000
<u>Cost</u>		
AirAsia Investment Ltd	7,334	7,334
	7,334	7,334

18 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deferred tax assets	381,195	361,396	381,195	361,396

The movements in the deferred tax assets and liabilities of the Group and the Company during the financial year are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At start of financial year	361,396	516,100	361,396	516,151
(Charged)/credited to income statements (Note 10)				
- Property, plant and equipment	(68,100)	(241,753)	(68,100)	(241,804)
- Tax incentives	88,267	87,049	88,267	87,049
- Tax losses	(368)	-	(368)	-
	19,799	(154,704)	19,799	(154,755)
At end of financial year	381,195	361,396	381,195	361,396
Deferred tax assets (before offsetting)				
Tax incentives	1,172,799	1,084,532	1,172,799	1,084,532
Tax losses	8,803	9,171	8,803	9,171
	1,181,602	1,093,703	1,181,602	1,093,703
Offsetting	(800,407)	(732,307)	(800,407)	(732,307)
Deferred tax assets (after offsetting)	381,195	361,396	381,195	361,396
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(800,407)	(732,307)	(800,407)	(732,307)
Offsetting	800,407	732,307	800,407	732,307
Deferred tax liabilities (after offsetting)	-	-	-	-

As disclosed in Note 3 to the financial statements in respect of critical accounting estimates and judgments, the deferred tax assets are recognised on the basis of the Group's previous history of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate.

The Ministry of Finance granted approval to the Company under Section 127 of Income Tax Act, 1967 for income tax exemption in the form of an Investment Allowance ("IA") of 60% on qualifying expenditure incurred within a period of 5 years commencing 1 July 2009 to 30 June 2014, to be set off against 70% of the statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised. The amount of income exempted from tax is credited to a tax-exempt account from which tax-exempt dividends can be declared.

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19 RECEIVABLES AND PREPAYMENTS

	Group			Company		
	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)
Non-current:						
Trade receivables	28,141	28,141	-	28,141	28,141	-
Less: Allowance for impairment	(3,697)	-	-	(3,697)	-	-
	24,444	28,141	-	24,444	28,141	-
Prepayments	695,538	456,487	248,724	695,538	456,487	248,724
Deposits for maintenance of aircraft	70,595	64,014	50,352	70,595	64,014	50,352
Other deposits	56,996	64,773	76,975	56,996	64,773	76,975
	847,573	613,415	376,051	847,573	613,415	376,051
Current:						
Trade receivables	129,341	97,774	123,269	115,326	84,690	107,930
Less: Allowance for impairment	(3,316)	(1,458)	(1,458)	(3,316)	(1,458)	(1,458)
	126,025	96,316	121,811	112,010	83,232	106,472
Other receivables	197,346	160,057	143,746	174,868	139,741	130,623
Less: Allowance for Impairment	(14,917)	(1,608)	(1,608)	(12,435)	(1,608)	(1,608)
	182,429	158,449	142,138	162,433	138,133	129,015
Prepayments	276,628	278,043	239,267	276,487	278,041	239,126
Deposits - cash collateral for derivatives	122,142	226,279	238,489	122,142	226,279	238,489
Other deposits	24,282	12,733	7,567	24,164	12,655	7,520
	731,506	771,820	749,272	697,236	738,340	720,622

Credit terms of trade receivables range from 30 to 60 days (31.12.2012: 30 to 60 days; 1.1.2012: 30 to 60 days).

(i) Financial assets that are neither past due nor impaired

Receivables that are neither past due nor impaired of RM223,802,000 and RM189,791,000 (2012: RM248,097,000 and RM214,697,000) for the Group and Company respectively. These are substantially companies with good collection track records with the Group and Company.

19 RECEIVABLES AND PREPAYMENTS (CONTINUED)**(ii) Financial assets that are past due but not impaired**

Receivables that are past due but not impaired amounted to RM166,092,000 (2012: RM99,582,000) for the Group and Company. These are related to a number of independent customers which have no recent history of default. The ageing analysis of these receivables that are past due but not impaired is as follows:

	Group and Company	
	2013	2012
	RM'000	RM'000
1 to 90 days	70,621	20,786
91 to 120 days	5,729	8,066
121 to 180 days	58,083	28,344
181 to 365 days	3,466	6,769
Over 365 days	3,749	7,476
	141,648	71,441

Receivables that are past due but not impaired included in non-current asset at the balance sheet date relates to an amount due from a customer of RM24,444,000 (2012: RM28,141,000) for which arbitration proceedings is currently ongoing. However, the Directors of the Company have assessed the recoverability of the amount and is of the view that the balance of RM24,444,000 is recoverable.

(iii) Financial assets that are past due and/or impaired

The carrying amount of receivables individually determined to be impaired are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Over 365 days	21,930	3,066	19,448	3,066
Less: Allowance for impairment	(21,930)	(3,066)	(19,448)	(3,066)
	-	-	-	-

The individually impaired receivables are mainly related to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.

Movements on the provision for impairment of receivables are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At 1 January	3,066	3,066	3,066	3,066
Impairment (Note 6)	18,864	-	16,382	-
At 31 December	21,930	3,066	19,448	3,066

The other classes within trade and other receivables do not contain impaired assets.

Deposits of the Group and Company at the balance sheet date are with a number of external parties for which there is no expectation of default.

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19 RECEIVABLES AND PREPAYMENTS (CONTINUED)

(iii) Financial assets that are past due and/or impaired (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group and Company do not hold any collateral as security.

The currency profile of receivables and deposits (excluding prepayments) is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	151,375	50,701	151,323	50,701
US Dollar	160,880	453,959	126,803	420,481
Others	294,658	146,045	294,658	146,045
	606,913	650,705	572,784	617,227

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

The carrying amounts of the Group's and the Company's trade and other receivables approximate their fair values.

20 DEPOSITS ON AIRCRAFT PURCHASE

Deposits on aircraft purchases represent amounts advanced towards the final cost of aircraft to be delivered to the Company.

21 AMOUNTS DUE FROM/(TO) ASSOCIATES

	Group			Company		
	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)
Amounts due from associates						
- current	738,735	356,874	289,492	689,372	331,407	289,492
- non-current	559,190	449,578	513,614	478,564	449,578	513,614
	1,297,925	806,452	803,106	1,167,936	780,985	803,106
Amount due to an associate						
- current	(467)	-	(4,444)	(467)	(13,553)	(4,444)
- non-current	(60,859)	(54,499)	-	(60,859)	(54,499)	-
	(61,326)	(54,499)	(4,444)	(61,326)	(68,052)	(4,444)
	1,236,599	751,953	798,662	1,106,610	712,933	798,662

Amounts due from associates include an amount of RM465,206,000 (31.12.2012: RM495,855,000, 1.1.2012: RM565,965,000) relating to advances to PT Indonesia AirAsia ("IAA") for purchase of aircraft in 2011 for the financing of aircraft purchase and are repayable over a term of up to 9 years at interest rates between 6.16% to 6.65% per annum. From this amount of RM465,206,000, RM413,676,000 (31.12.2012: RM449,578,000, 1.1.2012: RM513,614,000) is repayable after 12 months. The Company holds the aircraft as collateral. Other amounts due from associates were charged interest at 6% per annum with effect from 1 January 2010.

21 AMOUNTS DUE FROM/(TO) ASSOCIATES (CONTINUED)

Advance to associate amounting to RM64.9 million (31.12.2012: Nil, 1.12.2012: Nil) is exclusively to fund the operations of Zest Airways Inc, which will be repayable from the drawdown date without need of demand. The advance is subject to pro-rated interest of 6% per annum, compounded monthly on the principal, payable on the final and full payment of the principal.

(i) Financial assets that are neither past due nor impaired

Amounts due from associates that are neither past due nor impaired of the Group and Company amounted to RM972,189,000 and RM842,489,000 (31.12.2012: RM719,369,000 and RM693,902,000, 1.1.2012: RM695,336,000 and RM695,336,000) respectively.

The Group and Company have not made any impairment as management is of the view that these amounts are recoverable.

(ii) Financial assets that are past due but not impaired

Amounts due from associates of the Group and Company that are past due but not impaired amounted to RM325,736,000 and RM325,447,000 respectively (31.12.2012: RM87,083,000, 1.1.2012: RM107,770,000). The ageing analysis of these amounts is as follows:

	Group			Company		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Up to 3 months	141,907	87,083	106,776	141,937	87,083	106,776
Over 3 months	183,829	-	994	183,510	-	994
	325,736	87,083	107,770	325,447	87,083	107,770

The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from associates mentioned above. The Group and Company do not hold any collateral as security.

The currency profile of the amounts due from/(to) associates is as follows:

	Group			Company		
	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	1.1.2012 RM'000 (restated)
Amounts due from associates						
- US Dollar	1,297,925	804,774	803,106	1,167,936	779,307	803,106
- Philippines Peso	-	1,678	-	-	1,678	-
	1,297,925	806,452	803,106	1,167,936	780,985	803,106
Amount due to an associate						
- Singapore Dollar	-	-	(4,444)	-	-	(4,444)
- US Dollar	(61,326)	(54,499)	-	(61,326)	(68,052)	-
	(61,326)	(54,499)	(4,444)	(61,326)	(68,052)	(4,444)
	1,236,599	751,953	798,662	1,106,610	712,933	798,662

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22 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company			
	2013		2012	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Non-current				
Interest rate swaps - cash flow hedges	17,266	(195,490)	-	(368,984)
Interest rate swaps - held for trading	-	(56,278)	-	(95,463)
Interest rate caps - held for trading	4,570	-	2,364	-
Forward foreign exchange contracts - cash flow hedges	182,307	-	34,125	(39,782)
Forward foreign exchange contracts - held for trading	31,522	-	1,184	(5,979)
Total	235,665	(251,768)	37,673	(510,208)
Current				
Interest rate swaps - held for trading	-	(29,309)	-	(29,950)
Forward foreign exchange contracts - held for trading	1,282	(236)	-	(5,469)
Commodity derivatives - cash flow hedges	1,891	-	-	-
Total	3,173	(29,545)	-	(35,419)

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting.

	2013		2012	
	Notional amount RM'000	Fair value RM'000	Notional amount RM'000	Fair value RM'000
	Interest rate caps	357,569	4,570	371,746
Interest rate swaps	3,467,775	(263,811)	4,090,465	(494,397)
Cross currency interest rate swaps	151,869	1,225	158,540	(14,238)
Forward foreign exchange contracts	3,224,321	213,650	3,664,530	(1,683)
Commodity derivatives	77,328*	1,891	-	-

*: in barrels

(i) Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2013 were RM3.376 billion (2012: RM3.823 billion).

As at 31 December 2013, the Group has hedged approximately 54% (2012: 59%) of its USD liabilities pertaining to its aircraft, engine and simulator loans into Malaysian Ringgit ("RM") by using long dated foreign exchange forward contracts to manage its foreign currency risk. The latest weighted average of USD:RM forward exchange rate is 3.2239 (2012: 3.2245). Gains and losses recognised in the hedging reserve in equity on hedging instruments as of 31 December 2013 will be continuously released to the income statement within foreign exchange gains/(losses) on borrowings until the full repayment of the term loans (refer Note 29 to the financial statements).

22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**(ii) Interest rate hedging**

The notional principal amounts of the outstanding interest rate contracts at 31 December 2013 were RM3.825 billion (2012: RM4.462 billion).

The Group has entered into interest rate contracts to hedge against fluctuations in the USD LIBOR on its existing floating rate aircraft financing for aircraft delivered from 2005 to 2013. As at 31 December 2013, the Group has hedged RM895.5 million (2012: RM935.0 million) of its existing aircraft loans at rates from 1.80% to 5.20% per annum (2012: 1.80% to 5.20% per annum) via interest rate swaps, interest rate caps and cross-currency swaps. As at 31 December 2013, the Group has hedged RM2.199 billion (2012: RM2.124 billion) of the term loans and RM734.0 million (2012: RM735.6 million) of the finance lease liabilities (Note 29). Gains and losses recognised in the hedging reserve in equity on hedging instruments as of 31 December 2013 will be continuously released to the income statement within finance cost until the full repayment of the term loans (refer Note 29 to the financial statements).

(iii) Fuel contracts

The outstanding number of barrels of Singapore Jet Kerosene derivative contracts at 31 December 2013 was 77,328 barrels (2012: Nil).

As at 31 December 2013, the Group has entered into Singapore Jet Kerosene fixed swap which represents up to 7% (2012: Nil) of the Group's total expected fuel volume for the first half of 2014. This is to hedge against the fuel price risk that the Group is exposed to. Gains and losses recognised in the hedging reserve in equity on fuel contracts as of 31 December 2013 are recognised in the income statement in the period or periods during which the hedged forecast transactions affects the income statement.

23 INVENTORIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Consumables	27,922	16,950	27,922	16,950
In-flight merchandise and others	1,598	6,775	1,598	6,775
	29,520	23,725	29,520	23,725

24 AMOUNTS DUE FROM SUBSIDIARIES AND RELATED PARTIES

The amounts due from subsidiaries are unsecured, interest bearing and have no fixed terms of repayment. These balances are neither past due nor impaired.

The amount due from related parties is unsecured, interest free and has no fixed term of repayment.

The currency profile of amounts due from subsidiaries and related parties is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	2,164	1,282	15,462	26,656
US Dollar	3,949	-	181,771	149,356
	6,113	1,282	197,233	176,012

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25 AMOUNTS DUE FROM/(TO) JOINT VENTURES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amounts due from joint ventures	33,703	10,765	11,431	3,066
Amount due to a joint venture	-	-	(151)	-
	33,703	10,765	11,280	3,066

Amounts due from/(to) joint ventures are unsecured and have no fixed terms of repayment.

The currency profile of the amounts due from/(to) joint ventures is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amounts due from joint ventures:				
- Ringgit Malaysia	1,604	3,066	1,604	3,066
- US Dollar	9,827	-	9,827	-
- Singapore Dollar	22,272	7,699	-	-
	33,703	10,765	11,431	3,066
Amounts due to a joint venture:				
- US Dollar	-	-	(151)	-
	-	-	(151)	-
	33,703	10,765	11,280	3,066

26 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statements, cash and cash equivalents include the following:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	1,191,123	1,552,043	1,120,981	1,489,408
Deposits with licensed banks	189,312	571,425	185,945	568,328
Short term deposits with fund management companies	-	109,263	-	109,263
Deposits, cash and bank balances	1,380,435	2,232,731	1,306,926	2,166,999
Less: Deposits pledged as securities	(14,416)	(13,488)	(14,416)	(13,488)
Less: Restricted cash	(171,529)	-	(171,529)	-
	1,194,490	2,219,243	1,120,981	2,153,511

26 CASH AND CASH EQUIVALENTS (CONTINUED)

The currency profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	145,227	989,551	141,425	986,161
US Dollar	188,148	203,848	118,498	141,550
Singapore Dollar	26,535	133,847	26,483	133,812
Australian Dollar	25,687	118,736	25,687	118,736
Chinese Renminbi	910,944	419,699	910,944	419,699
Hong Kong Dollar	12,217	32,529	12,216	32,529
India Rupee	21,422	116,547	21,422	116,547
Thai Baht	3,911	5,788	3,907	5,783
Indonesian Rupiah	9,807	144,678	9,807	144,678
Brunei Dollar	3,020	10,557	3,020	10,557
Euro	10,192	2,749	10,192	2,748
Philippine Peso	2,270	6,439	2,270	6,439
Vietnamese Dong	8,952	28,107	8,952	28,107
British Pound	5,639	9,766	5,639	9,763
Others	6,464	9,890	6,464	9,890
	1,380,435	2,232,731	1,306,926	2,166,999

The deposits with licensed banks of the Group and Company amounting to RM14,416,000 (2012: RM13,488,000) are pledged as securities for banking facilities granted to the Group and Company (Note 29).

Restricted cash was in relation to a cash deposit pledged for the Group's and Company's revolving credit as at 31 December 2013 (Note 29).

The weighted average effective annual interest rates of deposits at the balance sheet dates are as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Deposits with licensed banks	3.23	3.00	3.23	3.00
Short term deposits with fund management companies	-	2.80	-	2.80

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27 TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Non-current:						
Aircraft maintenance accruals	918,864	628,917	409,628	918,864	628,917	409,628
Current:						
Trade payables	71,899	65,134	81,268	37,841	42,652	57,428
Accrual for fuel	224,239	165,973	162,577	224,239	165,973	162,577
Other payables and accruals	448,860	435,041	483,759	398,229	429,382	473,430
	744,998	666,148	727,604	660,309	638,007	693,435

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

The currency profile of trade and other payables is as follows:

	Group			Company		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
RM	451,680	107,439	525,939	412,672	107,439	525,939
USD	1,106,327	1,131,763	583,942	1,081,069	1,103,622	549,773
Others	105,855	55,863	27,351	85,432	55,863	27,351
	1,663,862	1,295,065	1,137,232	1,579,173	1,266,924	1,103,063

28 AMOUNTS DUE TO A SUBSIDIARY AND A RELATED PARTY

The amounts due to a subsidiary and a related party are denominated in Ringgit Malaysia, unsecured, interest free and are repayable on demand.

29 BORROWINGS

	Weighted average rate of finance		Group and Company	
	2013 %	2012 %	2013 RM'000	2012 RM'000
<u>Current:</u>				
<u>Secured</u>				
Term loans	4.21	4.42	853,314	637,860
Finance lease liabilities	5.68	5.67	66,407	58,193
Commodity Murabahah Finance	5.31	4.95	35,940	10,101
Sukuk	-	4.85	-	420,000
Revolving credit	2.07	-	163,775	-
			1,119,436	1,126,154
<u>Non-current:</u>				
<u>Secured</u>				
Term loans	4.21	4.42	7,903,560	6,446,740
Finance lease liabilities	5.68	5.67	744,420	757,060
Commodity Murabahah Finance	5.31	4.95	403,436	79,385
			9,051,416	7,283,185
Total borrowings			10,170,852	8,409,339

The borrowings are repayable as follows:

	Group and Company	
	2013 RM'000	2012 RM'000
Not later than 1 year	1,119,436	1,126,154
Later than 1 year and not later than 5 years	4,656,400	3,180,247
Later than 5 years	4,395,016	4,102,938
	10,170,852	8,409,339

The currency profile of borrowings is as follows:

	Group and Company	
	2013 RM'000	2012 RM'000
Ringgit Malaysia	1,002,151	509,486
US Dollar	8,821,446	7,562,154
Euro	136,757	122,536
Singapore Dollar	210,498	215,163
	10,170,852	8,409,339

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29 BORROWINGS (CONTINUED)

Total borrowings as at 31 December 2013 consist of the following banking facilities:

	Group and Company	
	2013	2012
	RM'000	RM'000
Fixed rate borrowings	6,144,416	5,775,592
Floating rate borrowings	4,026,436	2,633,747
	10,170,852	8,409,339

The carrying amounts and fair values of the non-current fixed rate borrowings are as follows:

	Group and Company			
	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loans	5,041,987	4,902,838	4,921,489	4,524,275
Finance lease liabilities	113,284	111,502	123,003	115,431
Commodity Murabahah Finance	403,436	397,280	79,385	75,002
	5,558,707	5,411,620	5,123,877	4,714,708

The fair values of the borrowings classified as current liabilities, equal their carrying amounts, as the impact of discounting is not significant.

The fair values of the non-current fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group and Company's credit risk at the balance sheet date, at 5.28% to 5.84% (2012: 5.07% to 5.67%) per annum. The fair values of non-current borrowings are within level 3 of the fair value hierarchy.

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 repayment terms of term loans and finance lease liabilities 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.

The Commodity Murabahah Finance is secured by a second priority charge over the aircraft.

30 SHARE CAPITAL

	Group and Company	
	2013	2012
	RM'000	RM'000
Authorised:		
Ordinary shares of RM0.10 each:		
At beginning and end of the financial year	500,000	500,000
Issued and fully paid up:		
Ordinary shares of RM0.10 each:		
At beginning of the financial year	277,991	277,809
Issued during the financial year	115	182
At end of the financial year	278,106	277,991

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM277,990,658 to RM278,106,258 by way of issuance of 1,156,000 ordinary shares of RM0.10 each pursuant to the exercise of the Employee Share Option Scheme (“ESOS”) at an exercise price of RM1.08 per share. The premium arising from the exercise of ESOS of RM1,132,880, has been credited to the Share Premium account.

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

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

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

EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

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

The main features of the ESOS are as follows:

- (a) The maximum number of ordinary shares, which may be allotted pursuant to the exercise of options under the Scheme, shall not exceed ten per cent (10.0%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme.
- (b) The Option Committee may from time to time decide the conditions of eligibility to be fulfilled by an Eligible Person in order to participate in the Scheme.
- (c) The aggregate number of shares to be offered to any Eligible Person who has fulfilled the eligibility criteria for the time being by way of options in accordance with the Scheme shall be at the discretion of the Option Committee. The Option Committee may consider circumstances such as the Eligible Person’s scope of responsibilities, performance in the Group, rank or job grade, the number of years of service that the Eligible Person has rendered to the Group, the Group’s retention policy and whether the Eligible Person is serving under an employment contract for a fixed duration or otherwise. The Option Committee’s decision shall be final and binding.

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30 SHARE CAPITAL (CONTINUED)

EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONTINUED)

- (d) The maximum number of shares allocated to Executive Directors, Non-Executive Directors and senior management by way of options shall in aggregate not exceed fifty per cent (50.0%) of the total number of shares (or such other percentage as may be permitted by the relevant regulatory authorities from time to time) available under the Scheme.
- (e) The subscription price, in respect of options granted prior to the date of listing in Bursa Malaysia, shall be RM1.08 per share.
- (f) The options granted are exercisable one year beginning from the date of grant.

The shares to be allotted and issued upon any valid exercise of options will, upon such allotment and issuance, rank pari passu in all respects with the existing and issued shares except that such shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders prior to the date of allotment of such shares. The options shall not carry any right to vote at a general meeting of the Company.

The Company granted 93,240,000 options at an exercise price of RM1.08 per share under the ESOS scheme on 1 September 2004, which expired on 6 June 2009. During the financial year ended 31 December 2009, the validity of this ESOS scheme was extended to 6 June 2014.

At 31 December 2013, options to subscribe for 2,583,900 (2012: 3,739,000) ordinary shares of RM0.10 each at the exercise price of RM1.08 per share remain unexercised. These options granted do not confer any right to participate in any share issue of any other company.

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

Grant date	Expiry date	Exercise price RM/share	At 1.1.2013 '000	Granted '000	Exercised '000	Lapsed '000	At 31.12.2013 '000
1 September 2004	6 June 2014	1.08	3,739	-	(1,156)	-	2,583

Grant date	Expiry date	Exercise price RM/share	At 1.1.2012 '000	Granted '000	Exercised '000	Lapsed '000	At 31.12.2012 '000
1 September 2004	6 June 2014	1.08	5,560	-	(1,821)	-	3,739

	2013 '000	2012 '000
Number of share options vested at balance sheet date	2,583	3,739

Details relating to options exercised during the financial year are as follows:

Exercise date	Quoted price of shares at share issue date RM/share	Exercise price RM/share	Number of shares issued '000
January 2013 to March 2013	2.42 - 2.87	1.08	600
April 2013 to June 2013	2.77 - 3.54	1.08	34
July 2013 to September 2013	2.44 - 3.25	1.08	456
October 2013 to December 2013	2.18 - 2.97	1.08	66
			1,156

30 SHARE CAPITAL (CONTINUED)**EMPLOYEE SHARE OPTION SCHEME (“ESOS”) (CONTINUED)**

Details relating to options exercised during the financial year are as follows (continued):

	2013	2012
	RM'000	RM'000
Ordinary share capital at par	115	182
Share premium	1,133	1,785
Proceeds received on exercise of share options	1,248	1,967
Fair value at exercise date of shares issued	3,286	6,413

31 RETAINED EARNINGS

As at 31 December 2013, the Company does not have any Section 108 tax credits and has therefore automatically moved to the single-tier tax system, which came into effect from the year of assessment 2008, under which companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

32 DIVIDENDS

Dividends declared or proposed by the Company are as follows:

	2013		2012	
	Gross dividend per share	Amount of dividend net of tax	Gross dividend per share	Amount of dividend net of tax
	Sen	RM'000	Sen	RM'000
First and final dividend paid in respect of the financial year ended 31 December 2012:				
Single-tiered interim 'special' dividend of 18 sen per share	18.00	500,383	-	-
Single-tiered dividend of 6 sen per share (2012: 5.00 sen per share)	6.00	166,831	5.00	138,957
	24.00	667,214	5.00	138,957

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33 COMMITMENTS AND OPERATING LEASES

(a) Capital commitments not provided for in the financial statements are as follows:

	Group and Company	
	2013	2012
	RM'000	RM'000
Property, plant and equipment:		
- Approved and contracted for	55,515,081	51,144,087
- Approved but not contracted for	12,988,262	13,756,500
	68,503,343	64,900,587

The capital commitments for the Group and Company are in respect of aircraft purchase.

(b) Non-cancellable operating leases

The future minimum lease payments and sublease receipts under non-cancellable operating leases are as follows:

	Group and Company			
	2013		2012	
	Future minimum lease payments	Future minimum sublease receipts	Future minimum lease payments	Future minimum sublease receipts
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	202,338	760,328	198,800	591,550
Later than 1 year and not later than 5 years	790,787	2,958,635	795,200	2,236,713
Later than 5 years	733,926	2,750,514	1,036,015	2,670,361
	1,727,051	6,469,477	2,030,015	5,498,624

Sublease receipts include lease receipts from both owned and leased aircraft receivable from Thai AirAsia Co. Ltd, PT Indonesia AirAsia, AirAsia Inc and Zest Airways Inc..

34 CONTINGENT LIABILITIES

At 31 December 2013 the Group and Company had contingent liabilities amounting to RM20.7 million (2012: RM Nil). Of the total, RM10.0 million relates to a fine imposed by the Malaysian Competition Commission, against which the Company intends to appeal to the Competition Appeal Tribunal, and RM10.7 million relates to a single customer claim against the Company which is subject to arbitration proceedings. Having considered legal advice the Directors are of the opinion that the possibility of outflow is not probable.

35 SEGMENTAL INFORMATION

Segmental information is as shown in the income statements, balance sheets and relevant notes as the Group's sole business segment is the provision of air transportation services. Management has determined the operating segment based on reports that are reviewed and used to make strategic decisions by the Chief Executive Officer who is identified as the chief operating decision maker.

The Group's operations are conducted predominantly in Malaysia.

36 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

The related parties of the Company and their relationships at 31 December 2013 are as follows:

Related companies	Relationship
AirAsia Go Holiday Sdn Bhd	Subsidiary
AirAsia (Mauritius) Limited	Subsidiary
AirAsia Investment Limited	Subsidiary
Koolred Sdn Bhd	Subsidiary
AirAsia Global Shared Services Sdn Bhd	Subsidiary
AirAsia Philippines Inc	Associate
PT Indonesia AirAsia	Associate of a subsidiary
AirAsia Inc	Associate of a subsidiary
AirAsia Pte Limited	Associate of a subsidiary
Thai AirAsia Co. Ltd	Associate of a subsidiary
AirAsia Japan Co. Ltd	Associate of a subsidiary
AirAsia (India) Private Limited	Associate of a subsidiary
Zest Airways Inc	Subsidiary of an associate
Asiawide Airways Inc	Subsidiary of an associate
AAE Travel Pte Ltd	Joint venture of a subsidiary
Asian Aviation Centre of Excellence Sdn Bhd	Joint venture
Think Big Digital Sdn Bhd	Joint venture
AirAsia X Berhad	Company with common directors and shareholders
AirAsia Asean Inc	Common directors
Tune Money Sdn Bhd	Common directors

All related party transactions were carried out on agreed terms and conditions.

Key management personnel are categorised as head or senior management officers of key operating divisions within the Group and Company. The key management compensation is disclosed in Note 36(e) below.

Related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members, where applicable.

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36 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(a) Income:				
Aircraft operating lease income for owned and leased aircraft				
- Thai AirAsia Co. Ltd	333,618	310,553	333,618	310,553
- PT Indonesia AirAsia	257,045	184,323	257,045	184,323
- AirAsia Inc	30,435	26,012	30,435	26,012
- AirAsia Japan Co. Ltd	41,973	13,985	41,973	13,985
- Zest Airways Inc	2,770	-	2,770	-
Gain on disposal of aircraft to Thai AirAsia Co. Ltd	23,367	9,574	-	-
Services and fees charged to AirAsia X Berhad	15,376	14,149	15,376	14,149
Fees charged to associates providing commercial air transport services	54,751	-	54,751	-
(b) Recharges:				
Recharges of expenses to				
- Thai AirAsia Co. Ltd	66,241	70,943	66,241	70,943
- PT Indonesia AirAsia	306,196	107,005	306,196	107,005
- AirAsia Inc	10,267	15,337	10,267	15,337
- AirAsia Japan Co. Ltd	-	12,806	-	12,806
Recharges of expenses by				
- Thai AirAsia Co. Ltd	(11,494)	(11,502)	(11,494)	(11,502)
(c) Other charges:				
Maintenance reserve fund charged to				
- PT Indonesia AirAsia	142,640	100,977	142,640	100,977
- Thai AirAsia Co. Ltd	145,631	117,357	145,631	117,357
- AirAsia Inc	13,638	6,543	13,638	6,543
- AirAsia Japan Co. Ltd	13,185	6,069	13,185	6,069
- Zest Airways Inc	580	-	580	-
Interest charges to				
- PT Indonesia AirAsia	12,758	49,417	12,758	49,417
- AirAsia Inc	5,357	1,590	5,357	1,590
(d) Regional expenses receivable:				
- AirAsia Asean Inc	2,417	24,498	2,417	24,498
(e) Key management compensation:				
- basic salaries, bonus and allowances	18,046	22,939	17,007	22,939
- defined contribution plan	2,052	2,390	1,927	2,390
	20,098	25,329	18,934	25,329

Included in the key management compensation are Executive Directors' remuneration as disclosed in Note 5 to the financial statements.

36 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000 (restated)	2013 RM'000	2012 RM'000 (restated)
(f) Receivables:				
- AirAsia (Mauritius) Limited	-	-	88,641	77,321
- AirAsia Investment Limited	-	-	74,034	72,020
- Koolred Sdn Bhd	-	-	14,985	19,811
- AirAsia Global Shared Services Sdn Bhd	-	-	13,298	-
- AirAsia Go Holiday Sdn Bhd	-	-	-	5,563
- Thai AirAsia Co. Ltd	62,209	25,467	13,851	-
- Asian Aviation Centre of Excellence Sdn Bhd	9,461	3,066	9,461	3,066
- PT Indonesia AirAsia	850,246	706,635	849,590	706,635
- AirAsia Philippines Inc	-	1,678	-	1,678
- AirAsia Inc	366,280	40,525	285,623	40,525
- AirAsia Japan Co. Ltd	-	32,147	-	32,147
- AirAsia (India) Private Limited	664	-	664	-
- Zest Airways Inc	18,527	-	18,208	-
- AAE Travel Pte Ltd	22,274	7,699	-	-
- Think Big Digital Sdn Bhd	1,970	-	1,970	-
- Tune Money Sdn Bhd	1,401	-	1,401	-
(g) Payables:				
- AirAsia Go Holiday Sdn Bhd	-	-	10,185	-
- Thai AirAsia Co. Ltd	60,859	54,499	60,859	68,052
- AAE Travel Pte Ltd	-	-	151	-
- AirAsia X Berhad	15,145	12,639	15,145	12,639

37 FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to market risk (including fuel price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise adverse effect from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as fuel swaps, interest rate swaps and caps, and foreign currency forwards to manage these financial risks.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Risk management policies and procedures are reviewed regularly to reflect changes in the market condition and the Group's activities.

The Group also seeks to ensure that the financial resources that are available for the development of the Group's businesses are constantly monitored and managed vis-a-vis its ongoing exposure to fuel price, interest rate, foreign currency, credit, liquidity and cash flow risks.

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37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

The policies in respect of the major areas of treasury activities are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, jet fuel prices and interest rates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

(i) Fuel price risk

The Group and Company are exposed to jet fuel price risk arising from the fluctuations in the prices of jet fuel, and seek to hedge their fuel requirements using fuel swaps in order to address the risk of rising fuel prices (Note 22). As at 31 December 2013 there were no existing trades that would impact the post-tax profit for the year and equity. As at 31 December 2013, if USD denominated barrel had been USD5 higher/lower with all other variables held constant, the impact on the post-tax profit and equity for the year end are tabulated below:

	2013		2012	
	+USD5 RM'000	-USD5 RM'000	+USD5 RM'000	-USD5 RM'000
Impact on post tax profits	-	-	-	-
Impact on other comprehensive income	1,266	(1,266)	-	-

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is that risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

In view of the substantial borrowings taken to finance the acquisition of aircrafts, the Group's income and operating cash flows are also influenced by changes in market interest rates. Interest rate exposure arises from the Group's floating rate borrowings and is managed by entering into derivative financial instruments. Derivative financial instruments are used, as far as possible and where appropriate, to generate the desired fixed interest rate profile. Surplus funds are placed with reputable financial institutions at the most favourable interest rates.

The Group manages its cash flow interest rate risk by entering into a number of immediate interest rate swap contracts and cross currency swap contracts that effectively converts its existing long-term floating rate debt facilities into fixed rate debts (Note 22). This hedging strategy ensures that the Group is paying a fixed interest expense on its borrowings and that the performance of the Group is not significantly impacted by the fluctuation in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

As at 31 December 2013 and 31 December 2012, if interest rate on USD denominated borrowings had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax profit for the year and equity arising from the cash flow interest rate risk would be minimal, after considering the hedging of the floating rate loans (Note 22).

37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**(a) Market risk (continued)**

(ii) Interest rate risk (continued)

At 31 December 2013, if interest rate on USD denominated borrowings had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax profit for the financial year and equity, as a result of an increase/decrease in the fair value of the interest rate derivative financial instruments under cash flow hedges are tabulated below. The impact on post tax profits arises only from derivative held for trading, and the impact to other comprehensive income arises from derivative designated as hedging instruments:

	2013		2012	
	+60bps RM'000	-60bps RM'000	+60bps RM'000	-60bps RM'000
Impact on post tax profits	21,235	(21,198)	24,969	(20,810)
Impact on other comprehensive income	79,873	(86,895)	116,294	(122,157)

The remaining terms of the outstanding interest rate derivative contracts of the Company at 31 December 2013, which are denominated in USD, are as follows:

	2013 RM'000	2012 RM'000
<u>Later than 1 year but less than 5 years:</u>		
Interest rate swaps	584,553	15,172
<u>Later than 5 years:</u>		
Interest rate caps	357,569	371,746
Interest rate swaps	2,883,222	4,075,293
Cross currency interest rate swaps	151,869	158,540
	3,977,213	4,620,751

(iii) Foreign currency risk

Apart from the Ringgit Malaysia ("RM"), the Group transacts business in various foreign currencies and is therefore exposed to currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency or whenever possible, by intragroup arrangements and settlements.

For the USD denominated borrowings, 54% of these are hedged by long dated foreign exchange forward contracts to manage the foreign currency risk (Note 22).

As at 31 December 2013, if RM had weakened/strengthened by 5% against the USD with all other variables held constant, post-tax profit for the financial year would have been RM242.3 million (2012: RM191.1 million) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD denominated receivables and borrowings (term loan and finance lease). Similarly, the impact on other comprehensive income would have been RM18.5 million (2012: RM20.0 million) higher/lower due to the cash flow hedging in USD. The exposure to other foreign currency risk of the Group is not material and hence, sensitivity analysis is not presented.

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37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Foreign currency risk (continued)

The Group's currency exposure is as follows:

	USD RM'000	AUD RM'000	SGD RM'000	RMB and HKD RM'000	Others RM'000
At 31 December 2013					
<u>Financial assets</u>					
Receivables	160,880	9,009	52,923	8,833	223,893
Amounts due from associates	1,297,925	-	-	-	-
Amounts due from joint ventures	9,827	-	22,272	-	-
Derivative financial instruments	238,838	-	-	-	-
Amount due from a related party	3,949	-	-	-	-
Deposits, cash and bank balances	188,148	25,687	26,535	923,161	71,677
	1,899,567	34,696	101,730	931,994	295,570
<u>Financial liabilities</u>					
Trade and other payables	187,463	4,267	21,710	39,339	40,539
Amount due to an associate	61,326	-	-	-	-
Borrowings	8,821,446	-	210,498	-	136,757
Derivative financial instruments	281,313	-	-	-	-
	9,351,548	4,267	232,208	39,339	177,296
Net exposure	(7,451,981)	30,429	(130,478)	892,655	118,274
At 31 December 2012					
<u>Financial assets</u>					
Receivables	453,959	-	-	-	146,045
Amounts due from associates	804,774	-	-	-	1,678
Amount due from a joint venture	-	-	7,699	-	-
Derivative financial instruments	37,673	-	-	-	-
Deposits, cash and bank balances	203,848	118,736	133,847	452,228	334,521
	1,500,254	118,736	141,546	452,228	482,244
<u>Financial liabilities</u>					
Trade and other payables	502,846	-	-	-	55,863
Amount due to an associate	54,499	-	-	-	-
Borrowings	7,562,154	-	215,163	-	122,536
Derivative financial instruments	545,627	-	-	-	-
	8,665,126	-	215,163	-	178,399
Net exposure	(7,164,872)	118,736	(73,617)	452,228	303,845

37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**(a) Market risk (continued)**

(iii) Foreign currency risk (continued)

The Company's currency exposure is as follows:

	USD RM'000	AUD RM'000	SGD RM'000	RMB and HKD RM'000	Others RM'000
At 31 December 2013					
<u>Financial assets</u>					
Receivables	126,803	9,009	52,923	8,833	223,893
Amounts due from subsidiaries	177,822	-	-	-	-
Amounts due from associates	1,167,936	-	-	-	-
Amounts due from joint ventures	9,827	-	-	-	-
Amount due from related parties	3,949	-	-	-	-
Derivative financial instruments	238,838	-	-	-	-
Deposits, cash and bank balances	118,498	25,687	26,483	923,160	71,673
	1,843,673	34,696	79,406	931,993	295,566
<u>Financial liabilities</u>					
Trade and other payables	162,205	4,267	1,291	39,339	40,535
Amounts due to joint ventures	151	-	-	-	-
Amount due to an associate	61,326	-	-	-	-
Borrowings	8,821,446	-	210,498	-	136,757
Derivative financial instruments	281,313	-	-	-	-
	9,326,441	4,267	211,789	39,339	177,292
Net exposure	(7,482,768)	30,429	(132,383)	892,654	118,274
At 31 December 2012					
<u>Financial assets</u>					
Receivables	420,481	-	-	-	146,045
Amounts due from subsidiaries	149,356	-	-	-	-
Amounts due from associates	779,307	-	-	-	1,678
Derivative financial instruments	37,673	-	-	-	-
Deposits, cash and bank balances	141,550	118,736	133,812	452,228	334,512
	1,528,367	118,736	133,812	452,228	482,235
<u>Financial liabilities</u>					
Trade and other payables	474,705	-	-	-	55,863
Amount due to an associate	68,052	-	-	-	-
Borrowings	7,562,154	-	215,163	-	122,536
Derivative financial instruments	545,627	-	-	-	-
	8,650,538	-	215,163	-	178,399
Net exposure	(7,122,171)	118,736	(81,351)	452,228	303,836

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37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, cash and cash equivalents and financial assets (derivative instruments).

The Group's exposure to credit risks or the risk of counterparties defaulting arises mainly from various deposits and bank balances, receivables and derivative financial instruments. As the Group does not hold collateral, the maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Group's deposits and bank balances and derivative financial instruments are placed or transacted with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

The Group generally has no concentration of credit risk arising from trade receivables, except as disclosed in Note 19 to the financial statements.

(c) Liquidity and cash flow risk

The Group's policy on liquidity risk management is to maintain sufficient cash and cash equivalents and to have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

The table below analyses the Group's payables, non-derivative financial liabilities, gross-settled and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group				
<u>At 31 December 2013</u>				
Term loans	1,212,470	1,208,055	3,999,315	4,119,772
Finance lease liabilities	111,684	112,289	367,112	472,644
Commodity Murabahah Finance	58,857	57,844	167,940	321,749
Revolving credit	167,043	-	-	-
Trade and other payables	744,998	-	-	-
Amount due to an associate	467	-	-	60,859
Amount due to a related party	15,145	-	-	-
	2,310,664	1,378,188	4,534,367	4,975,024
<u>At 31 December 2012</u>				
Term loans	936,603	933,049	2,816,548	3,838,064
Finance lease liabilities	103,748	104,279	316,386	572,529
Commodity Murabahah Finance	14,353	14,391	43,478	35,350
Sukuk	430,185	-	-	-
Trade and other payables	666,148	-	-	-
Amount due to an associate	-	-	-	54,499
Amount due to a related party	12,639	-	-	-
	2,163,676	1,051,719	3,176,412	4,500,442

37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**(c) Liquidity and cash flow risk (continued)**

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company				
<i>At 31 December 2013</i>				
Term loans	1,212,470	1,208,055	3,999,315	4,119,772
Finance lease liabilities	111,684	112,289	367,112	472,644
Commodity Murabahah Finance	58,857	57,844	167,940	321,749
Revolving credit	167,043	-	-	-
Trade and other payables	660,309	-	-	-
Amount due to joint ventures	151	-	-	-
Amount due to associates	467	-	-	60,859
Amount due to a related party	15,145	-	-	-
	2,226,126	1,378,188	4,534,367	4,975,024

Company				
<i>At 31 December 2012</i>				
Term loans	936,603	933,049	2,816,548	3,838,064
Finance lease liabilities	103,748	104,279	316,386	572,529
Commodity Murabahah Finance	14,353	14,391	43,478	35,350
Sukuk	430,185	-	-	-
Trade and other payables	638,007	-	-	-
Amount due to an associate	13,553	-	-	54,499
Amount due to a related party	12,639	-	-	-
	2,149,088	1,051,719	3,176,412	4,500,442

The table below analyses the Group's and Company's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group and Company				
<i>At 31 December 2013</i>				
Net-settled derivatives				
Trading	29,341	24,688	31,176	1,551
Hedging	68,052	57,138	70,350	2,614
Gross-settled derivatives				
Trading - outflow	46,579	-	-	-
Trading - inflow	(45,751)	-	-	-
Hedging - outflow	-	-	-	-
Hedging - inflow	-	-	-	-

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37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Liquidity and cash flow risk (continued)

	Less than 1 year RM'000	1 - 2 years RM'000	2-5 years RM'000	Over 5 years RM'000
Group and Company				
At 31 December 2012				
Net-settled derivatives				
Trading	29,967	26,642	53,415	15,508
Hedging	96,560	90,421	169,949	15,508
Gross-settled derivatives				
Trading - outflow	97,055	94,184	242,657	245,157
Trading - inflow	(90,618)	(87,932)	(226,500)	(229,167)
Hedging - outflow	121,710	121,455	404,485	438,867
Hedging - inflow	(112,424)	(112,188)	(372,849)	(404,578)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to provide returns for shareholders and benefits for other stakeholders.

In order to optimise the capital structure, or the capital allocation amongst the Group's various businesses, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on new debts or sell assets to reduce debt.

The Group's overall strategy remains unchanged from 2012.

Consistent with others in the industry, the Group monitors capital utilisation on the basis of the gearing ratio. This ratio is calculated as total debts divided by total capital. Total debts are calculated as total borrowings (including "short term and long term borrowings" as shown in the Group's balance sheet). Total capital is calculated as the sum of 'equity attributable to equity holders of the Company' as shown in the balance sheet and total debts.

The gearing ratio as at 31 December 2013 and 31 December 2012 was as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total borrowings (Note 29)	10,170,852	8,409,339	10,170,852	8,409,339
Less: Cash and cash equivalents (Note 26)	(1,380,435)	(2,232,731)	(1,306,926)	(2,166,999)
Net debt	8,790,417	6,176,608	8,863,926	6,242,340
Total equity attributable to equity holders of the Company	5,000,932	4,860,369	4,694,156	4,731,141
	13,791,349	11,036,977	13,558,082	10,973,481
Gearing ratio	63.7%	56.0%	65.4%	56.9%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 31 December 2012.

37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**(e) Fair value measurement**

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 fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Determination of fair value and fair value hierarchy

The Group's financial instruments are measured in the statement of financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

- 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 table presents the Group and Company's assets and liabilities that are measured at fair value at 31 December 2013, 31 December 2012.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31 December 2013				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	37,374	-	37,374
Derivatives used for hedging	-	201,464	-	201,464
Available-for-sale financial assets				
- Equity securities	561,770	-	10,125	571,895
	561,770	238,838	10,125	810,733
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	85,823	-	85,823
Derivatives used for hedging	-	195,490	-	195,490
	-	281,313	-	281,313
31 December 2012				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	3,548	-	3,548
Derivatives used for hedging	-	34,125	-	34,125
Available-for-sale financial assets				
- Equity securities	-	-	308,792	308,792
	-	37,673	308,792	346,465
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	136,861	-	136,861
Derivatives used for hedging	-	408,766	-	408,766
	-	545,627	-	545,627

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37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Fair value measurement (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
31 December 2013				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	37,374	-	37,374
Derivatives used for hedging	-	201,464	-	201,464
Available-for-sale financial assets				
- Equity securities	561,770	-	-	561,770
	561,770	238,838	-	800,608
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	85,823	-	85,823
Derivatives used for hedging	-	195,490	-	195,490
	-	281,313	-	281,313
31 December 2012				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	3,548	-	3,548
Derivatives used for hedging	-	34,125	-	34,125
Available-for-sale financial assets				
- Equity securities	-	-	295,982	295,982
	-	37,673	295,982	333,655
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	136,861	-	136,861
Derivatives used for hedging	-	408,766	-	408,766
	-	545,627	-	545,627

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.

37 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)**(e) Fair value measurement (continued)**

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

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- The fair value of fuel swap contracts is determined using forward fuel price at the balance sheet date, with the resulting value discounted back to present value.

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, including discounted cash flow projections.

In the current financial year, the Group's investments in Tune Insurance Holdings Berhad and AirAsia X Berhad, classified as available-for-sale financial assets, were listed on the Main Market of Bursa Securities Malaysia following an initial public offering of shares. This resulted in a transfer from a Level 3 instrument to a Level 1 instrument in the current financial year as the investments are now observable in an active market.

38 FINANCIAL INSTRUMENTS**(a) Financial instruments by category**

	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Available for sale RM'000	Total RM'000
Group					
31 December 2013					
<u>Assets as per balance sheet</u>					
Available-for-sale financial assets	-	-	-	571,895	571,895
Receivables excluding prepayments	606,913	-	-	-	606,913
Amounts due from associates	1,297,925	-	-	-	1,297,925
Amounts due from joint ventures	33,703	-	-	-	33,703
Amounts due from related parties	6,113	-	-	-	6,113
Derivative financial instruments	-	37,374	201,464	-	238,838
Deposits, cash and bank balances	1,380,435	-	-	-	1,380,435
Total	3,325,089	37,374	201,464	571,895	4,135,822

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38 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

	Liabilities at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Group (continued)				
31 December 2013 (continued)				
<u>Liabilities as per balance sheet</u>				
Borrowings (excluding finance lease liabilities)	-	-	9,360,025	9,360,025
Finance lease liabilities	-	-	810,827	810,827
Derivative financial instruments	85,823	195,490	-	281,313
Trade and other payables	-	-	744,998	744,998
Amount due to an associate	-	-	61,326	61,326
Amount due to a related party	-	-	15,145	15,145
Total	85,823	195,490	10,992,321	11,273,634

	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Available for sale RM'000	Total RM'000
31 December 2012					
<u>Assets as per balance sheet</u>					
Available-for-sale financial assets	-	-	-	308,792	308,792
Receivables excluding prepayments	650,705	-	-	-	650,705
Amounts due from associates	806,452	-	-	-	806,452
Amount due from a joint venture	10,765	-	-	-	10,765
Amount due from a related party	1,282	-	-	-	1,282
Derivative financial instruments	-	3,548	34,125	-	37,673
Deposits, cash and bank balances	2,232,731	-	-	-	2,232,731
Total	3,701,935	3,548	34,125	308,792	4,048,400

38 FINANCIAL INSTRUMENTS (CONTINUED)**(a) Financial instruments by category (continued)**

	Liabilities at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Group (continued)				
31 December 2012 (continued)				
<u>Liabilities as per balance sheet</u>				
Borrowings (excluding finance lease liabilities)	-	-	7,594,086	7,594,086
Finance lease liabilities	-	-	815,253	815,253
Derivative financial instruments	136,861	408,766	-	545,627
Trade and other payables	-	-	666,148	666,148
Amount due to an associate	-	-	54,499	54,499
Amount due to a related party	-	-	12,639	12,639
Total	136,861	408,766	9,142,625	9,688,252

	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Available for sale RM'000	Total RM'000
Company					
31 December 2013					
<u>Assets as per balance sheet</u>					
Available-for-sale financial assets	-	-	-	561,770	561,770
Receivables excluding prepayments	572,784	-	-	-	572,784
Amounts due from subsidiaries	191,120	-	-	-	191,120
Amounts due from associates	1,167,936	-	-	-	1,167,936
Amounts due from joint ventures	11,431	-	-	-	11,431
Amounts due from related parties	6,113	-	-	-	6,113
Derivative financial Instruments	-	37,374	201,464	-	238,838
Deposits, cash and bank balances	1,306,926	-	-	-	1,306,926
Total	3,256,310	37,374	201,464	561,770	4,056,918

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38 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

	Liabilities at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Company (continued)				
31 December 2013 (continued)				
<u>Liabilities as per balance sheet</u>				
Borrowings (excluding finance lease liabilities)	-	-	9,360,025	9,360,025
Finance lease liabilities	-	-	810,827	810,827
Derivative financial instruments	85,823	195,490	-	281,313
Trade and other payables	-	-	660,309	660,309
Amount due to a subsidiary	-	-	10,185	10,185
Amount due to an associate	-	-	61,326	61,326
Amount due to a joint venture	-	-	151	151
Amount due to a related party	-	-	15,145	15,145
Total	85,823	195,490	10,917,968	11,199,281

	Loans and receivables RM'000	Assets at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Available for sale RM'000	Total RM'000
31 December 2012					
<u>Assets as per balance sheet</u>					
Available-for-sale financial assets	-	-	-	295,982	295,982
Receivables excluding prepayments	617,227	-	-	-	617,227
Amounts due from subsidiaries	174,730	-	-	-	174,730
Amounts due from associates	780,985	-	-	-	780,985
Amounts due from joint ventures	3,066	-	-	-	3,066
Amounts due from a related parties	1,282	-	-	-	1,282
Derivative financial instruments	-	3,548	34,125	-	37,673
Deposits, cash and bank balances	2,166,999	-	-	-	2,166,999
Total	3,744,289	3,548	34,125	295,982	4,077,944

38 FINANCIAL INSTRUMENTS (CONTINUED)**(a) Financial instruments by category (continued)**

	Liabilities at fair value through the profit and loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Company (continued)				
31 December 2012 (continued)				
<u>Liabilities as per balance sheet</u>				
Borrowings (excluding finance lease liabilities)	-	-	7,594,086	7,594,086
Finance lease liabilities	-	-	815,253	815,253
Derivative financial instruments	136,861	408,766	-	545,627
Trade and other payables	-	-	638,007	638,007
Amount due to an associate	-	-	68,052	68,052
Amount due to a related party	-	-	12,639	12,639
Total	136,861	408,766	9,128,037	9,673,664

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group	
	2013 RM'000	2012 RM'000
<u>Counterparties without external credit rating</u>		
Group 1	13,198	2,693
Group 2	83,752	93,623
Total trade receivables that are neither past due nor impaired	96,950	96,316
<u>Cash at bank and short term bank deposits</u>		
AAA to A-	1,370,417	1,788,499
BBB to B3	10,018	444,232
	1,380,435	2,232,731
<u>Derivative financial assets</u>		
AA+ to A+	43,376	18,744
A to BBB-	195,462	18,929
	238,838	37,673
<u>Loans to related parties</u>		
Group 2	1,237,066	780,985

Group 1 - New customers/related parties (Less than 6 months)

Group 2 - Existing customers/related parties (more than 6 months) with no defaults in the past.

Group 3 - Existing customers/related parties (more than 6 months) with some defaults in the past.

All defaults were fully recovered.

All other receivables and deposits are substantially with existing counterparties with no history of default.

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39 RECLASSIFICATION OF COMPARATIVES

The effects of the changes on the Group and Company's financial statements are as follows:

	Group			Company		
	As previously reported 1.1.2012 RM'000	Effects of reclassification RM'000	As restated 1.1.2012 RM'000	As previously reported 1.1.2012 RM'000	Effects of reclassification RM'000	As restated 1.1.2012 RM'000
Balance sheet						
<u>Non-current assets</u>						
Receivables and prepayments	15,548	360,503	376,051	15,548	360,503	376,051
<u>Current assets</u>						
Receivables and prepayments	1,109,775	(360,503)	749,272	1,081,125	(360,503)	720,622
<u>Current liabilities</u>						
Trade and other payables	(1,137,232)	409,628	(727,604)	(1,103,063)	409,628	(693,435)
<u>Non-current liabilities</u>						
Other payables and accruals	-	(409,628)	(409,628)	-	(409,628)	(409,628)

- (i) Prepayments and deposits relating to aircraft overhaul and maintenance which were previously classified as current assets have been reclassified to non-current assets to be consistent with the period in which the prepayments and deposits are to be utilised.
- (ii) Accruals relating to aircraft maintenance which were previously classified as current liabilities have been reclassified to non-current liabilities to be consistent with the period in which the accruals are to be settled.
- (iii) Deposits received from sub-lessees which were previously included in amounts due from/(to) associates within current assets and current liabilities have now been reclassified to amounts due to associates in non-current liabilities to be consistent with the period in which the deposits are to be utilised.

	Group			Company		
	As previously reported 31.12.2012 RM'000	Effects of reclassification RM'000	As restated 31.12.2012 RM'000	As previously reported 31.12.2012 RM'000	Effects of reclassification RM'000	As restated 31.12.2012 RM'000
Balance sheet						
<u>Non-current assets</u>						
Receivables and prepayments	28,141	585,274	613,415	28,141	585,274	613,415
<u>Current assets</u>						
Receivables and prepayments	1,357,094	(585,274)	771,820	1,323,614	(585,274)	738,340
Amounts due from associates	331,407	25,467	356,874	331,407	-	331,407
<u>Current liabilities</u>						
Trade and other payables	(1,295,065)	628,917	(666,148)	(1,266,924)	628,917	(638,007)
Amount due to an associate	(29,032)	29,032	-	(68,052)	54,499	(13,553)
<u>Non-current liabilities</u>						
Other payables	-	(628,917)	(628,917)	-	(628,917)	(628,917)
Amounts due to associates	-	(54,499)	(54,499)	-	(54,499)	(54,499)

In addition, for the financial year ended 31 December 2013, the presentation of the income statement has been changed to include the Group's share of results of joint ventures and associates within operating profit as it better reflects the performance of the Group.

40 CHANGE OF ACCOUNTING POLICY

In 2012, the Group's effective interest in Thai AirAsia Co. Ltd ("TAA") was reduced from 48.9% to 45%, following the initial public offering of Asia Aviation Plc, the major shareholder of TAA. As a consequence of the reduction in shareholding, TAA ceased to be a joint venture of the Group and became an associate of the Group. Accordingly, in the previous financial year, the Group reclassified its investment in TAA from investment in joint ventures to investment in associates. In accordance with MFRS 131 "Interest in Joint Ventures", this resulted in a gain on disposal of the 4% equity interest of RM118.6 million and a fair value gain on the remaining 45% equity interest retained in TAA of RM1,041.7 million, which was presented in the previous year's income statement as a "Fair value and gain on disposal of interest in Thai AirAsia Co Ltd".

During the current financial year, the Group adopted MFRS 128 "Investments in Associates and Joint Ventures". MFRS 128 states that where an entity loses joint control over a joint venture but retains significant influence, the entity will continue to equity account for its interest. However, the entity does not re-measure its continued ownership interest at fair value. This standard is applied retrospectively. As such, the income statement for the financial year ended 31 December 2012 had been restated to reflect the requirements of MFRS 128.

The effects of the changes on the Group's financial statements are as follows:

	Group		
	Financial year ended 31 December 2012		
	As previously reported RM'000	Effects of restatement RM'000	As restated RM'000
<u>Income statement</u>			
Fair value and gain on disposal of interest in Thai AirAsia Co Ltd	1,160,370	(1,041,730)	118,640
<u>Basic and diluted earnings per share</u>			
Net profit for the financial year	1,831,338	(1,041,730)	789,608
Weighted average number of ordinary shares in issue ('000)	2,779,057	-	2,779,057
Basic earnings per share (sen)	65.9		28.4
Net profit for the financial year	1,831,338	(1,041,730)	789,608
Weighted average number of ordinary shares in issue ('000)	2,779,057	-	2,779,057
Adjustment for ESOS ('000)	3,124	-	3,124
Weighted average number of ordinary shares for diluted earnings per share ('000)	2,782,181		2,782,181
Diluted earnings per share (sen)	65.8		28.4

	Group		
	At 31 December 2012		
	As previously reported 31.12.2012 RM'000	Effects of restatement RM'000	As restated 31.12.2012 RM'000
<u>Balance sheet</u>			
<u>Non-current assets</u>			
Investments in associates	1,204,575	(1,041,730)	162,845
Retained earnings	4,273,311	(1,041,730)	3,231,581

Notes to the Financial Statements

31 December 2013

41 UNCONSOLIDATED STRUCTURED ENTITIES

The Company has set up Merah entities, special purpose companies ('SPC') pursuant to aircraft related borrowings obtained from various financial institutions. Under the arrangement, the Company enters into an Aircraft Instalment Sale Agreement with the SPC, permitting the Company to possess and operate each of the Airbus A320 aircraft financed under the facility.

The SPC are orphan trust companies in which the Company has no equity interest. The SPC did not incur any losses or earn any income during the financial year ended 31 December 2013. The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group and Company upon the purchase of the aircraft.

The Group and Company does not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

The details of the Merah entities are as follows:

Name	Country of incorporation	Purpose
Merah Satu Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tiga Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Empat Sdn Bhd	Malaysia	Aircraft financing special purpose company
Merah Lima Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Enam Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tujuh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Sembilan 9M-AFX Sdn Bhd	Malaysia	Aircraft financing special purpose company
Merah Sepuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Sebelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Empatbelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Enambelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Lapanbelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh satu Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh tiga Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh lima Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh tujuh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh lapan Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh sembilan Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigapuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company

42 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES LISTING REQUIREMENT

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

The Group has adopted MFRS 128 “Investments in Associates and Joint Ventures” during the current financial year. This standard has been applied retrospectively in restating the retained earnings as at 31 December 2012 (Note 40).

	Group		Company	
	2013 RM'000	2012 RM'000 (restated)	2013 RM'000	2012 RM'000
Total retained earnings of AirAsia Berhad and its subsidiaries:				
- Realised	2,358,327	2,184,802	2,114,139	2,175,079
- Unrealised	512,256	1,046,133	506,431	927,725
	2,870,583	3,230,935	2,620,570	3,102,804
Total share of accumulated gains/(losses) from associated companies:				
- Realised	33,228	(8,435)	-	-
Total share of accumulated gains from joint ventures				
- Realised	22,680	9,081	-	-
Total retained earnings as per consolidated financial statements	2,926,491	3,231,581	2,620,570	3,102,804

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Datuk Kamarudin Bin Meranun and Aireen Omar, being two of the Directors of AirAsia Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 175 to 250 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2013 and of the results and the cash flows of the Group and Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

The information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

In accordance with a resolution of the Board of Directors dated 28 April 2014.



DATUK KAMARUDIN BIN MERANUN
DIRECTOR

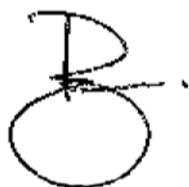


AIREEN OMAR
DIRECTOR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Rozman Bin Omar, the Officer primarily responsible for the financial management of AirAsia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 175 to 250 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



ROZMAN BIN OMAR

Subscribed and solemnly declared by the abovenamed Rozman Bin Omar at Petaling Jaya in Malaysia on 28 April 2014, before me.

COMMISSIONER FOR OATHS



Independent Auditors' Report

To the members of AirAsia Berhad (Incorporated in Malaysia) (Company No. 284669 W)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AirAsia Berhad on pages 175 to 250, which comprise the balance sheets as at 31 December 2013 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 41.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

To the members of AirAsia Berhad (Incorporated in Malaysia) (Company No. 284669 W)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 251 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants



IRVIN GEORGE LUIS MENEZES

(No. 2932/06/14 (J))

Chartered Accountant

Kuala Lumpur

28 April 2014

Analysis of Shareholdings

as at 16 April 2014

DISTRIBUTION OF SHAREHOLDINGS

Class of shares : Ordinary shares of RM0.10 each ("Shares")

Voting rights : One vote per ordinary share

Shareholdings	No. of	% of	No. of Shares	% of Issued
	Shareholders	Shareholders		Share Capital
Less than 100	109	0.42	1,739	0.00
100 - 1,000	7,096	27.49	6,126,908	0.22
1,001 - 10,000	14,752	57.15	63,168,494	2.27
10,001 - 100,000	3,124	12.10	91,560,413	3.29
100,001 to less than 5% of issued shares	731	2.83	2,017,857,323	72.55
5% and above of issued shares	2	0.01	602,685,203	21.67
	25,814	100.00	2,781,400,080	100.00

SUBSTANTIAL SHAREHOLDERS

The direct and indirect shareholdings of the shareholders holding more than 5% in AirAsia Berhad ("AirAsia") based on the Register of Substantial Shareholders are as follows:-

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tune Air Sdn Bhd ("TASB")	640,608,382 ⁽¹⁾	23.03	-	-
Tan Sri Dr. Anthony Francis Fernandes	1,600,000 ⁽²⁾	0.06	640,608,382 ⁽³⁾	23.03
Datuk Kamarudin bin Meranun	2,000,000 ⁽²⁾	0.07	640,608,382 ⁽³⁾	23.03
Employees Provident Fund Board	195,037,300 ⁽⁴⁾	7.01	28,866,600 ⁽⁵⁾	1.04
Wellington Management Company, LLP	245,923,345 ⁽⁶⁾	8.84	-	-

NOTES:

- (1) Shares held under Cimsec Nominees (Tempatan) Sdn Bhd, HSBC Nominees (Tempatan) Sdn. Bhd., Citigroup Nominees (Tempatan) Sdn. Bhd and Kenanga Nominees (Tempatan) Sdn. Bhd.
- (2) Shares held under HSBC Nominees (Tempatan) Sdn. Bhd.
- (3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 ("the Act") through a shareholding of more than 15% in TASB.
- (4) Shares held under own name (1,500,000 shares) and Citigroup Nominees (Tempatan) Sdn. Bhd. (193,537,300 shares)
- (5) Shares held under Citigroup Nominees (Tempatan) Sdn. Bhd.
- (6) Shares held under Cartaban Nominees (Asing) Sdn. Bhd., Citigroup Nominees (Asing) Sdn. Bhd., HSBC Nominees (Asing) Sdn. Bhd., JP Morgan Chase Bank N.A., Master Trust Bank of Japan Ltd., Mellon Bank N.A., RBC Dexia Investor Services, Danske Bank A/S and Skandinaviska Enskilda Banken AB.

Analysis of Shareholdings

as at 16 April 2014

DIRECTORS' SHAREHOLDINGS

The interests of the Directors of AirAsia in the Shares and options over shares in the Company and its related corporations based on the Company's Register of Directors' Shareholdings are as follows:-

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Shares	No. of Shares held	% of Issued Shares
Tan Sri Dr. Anthony Francis Fernandes	1,600,000 ⁽¹⁾	0.06	640,608,382 ⁽²⁾	23.03
Datuk Kamarudin bin Meranun	2,000,000 ⁽¹⁾	0.07	640,608,382 ⁽²⁾	23.03
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	150,000 ⁽³⁾	0.01	-	-
Dato' Fam Lee Ee	50,000	_*	-	-
Dato' Mohamed Khadar bin Merican	-	-	-	-
Datuk Mohd Omar bin Mustapha	-	-	-	-
Aireen Omar	-	-	-	-
Robert Aaron Milton	100,000 ⁽⁴⁾	_*	-	-

NOTES:

* Negligible.

(1) Shares held under HSBC Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interested by virtue of Section 6A of the Act through a shareholding of more than 15% in TASB.

(3) Shares held under Cimsec Nominees (Tempatan) Sdn. Bhd.

(4) Shares held under HDM Nominees (Asing) Sdn. Bhd.

LIST OF TOP 30 LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1. HSBC Nominees (Tempatan) Sdn. Bhd. <i>Credit Suisse HK for Tune Air Sdn. Bhd.</i>	409,147,903	14.71
2. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board</i>	193,537,300	6.96
3. HSBC Nominees (Asing) Sdn. Bhd. <i>TNTC for The Nomad Investment Partnership LP Cayman</i>	102,675,500	3.69
4. Cimsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tune Air Sdn. Bhd. (EDG&GCM)</i>	102,491,634	3.68
5. HSBC Nominees (Asing) Sdn Bhd <i>NTGS LDN for Skagen Kon-Tiki Verdipapirfond</i>	82,023,100	2.95
6. Amanahraya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	75,843,900	2.73
7. CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank Berhad (EDP 2)</i>	75,330,600	2.71
8. Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund HG22 for Smallcap World Fund, Inc.</i>	65,888,700	2.37
9. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account - Bank Julius Baer & Co Ltd for Tune Air Sdn. Bhd. (CB SG)</i>	65,500,000	2.35
10. HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for the Bank of New York Mellon (Mellon Acct)</i>	51,533,623	1.85

Analysis of Shareholdings

as at 16 April 2014

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
11. Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund HGO5 for the New Economy Fund	45,583,400	1.64
12. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	36,897,543	1.33
13. Cartaban Nominees (Asing) Sdn. Bhd. Exempt An for State Street Bank & Trust Company (West CLT OD67)	35,209,700	1.27
14. DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund Y72J for Litman Gregory Masters International Fund	29,153,525	1.05
15. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (Netherlands)	27,553,700	0.99
16. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tune Air Sdn. Bhd. (001) (Third Party)	25,438,441	0.91
17. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tune Air Sdn. Bhd. (M1566A)	25,000,000	0.90
18. Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	24,700,000	0.89
19. HSBC Nominees (Asing) Sdn. Bhd. NTGS LDN for Skagen Vekst Verdipapirfond	24,244,100	0.87
20. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (U.K.)	23,237,417	0.84
21. Cartaban Nominees (Asing) Sdn. Bhd. BBH (LUX) SCA for Fidelity Funds Emerging MKTS	21,584,400	0.78
22. HSBC Nominees (Asing) Sdn. Bhd. BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	21,161,548	0.76
23. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (Australia)	20,302,570	0.73
24. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (Rep of China)	18,116,700	0.65
25. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	17,897,100	0.64
26. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (Nordea Bank S.A)	17,427,100	0.63
27. DB (Malaysia) Nominee (Asing) Sdn. Bhd. State Street London Fund 28G2 for BP Pension Trustees Limited	17,001,500	0.61
28. HSBC Nominees (Asing) Sdn. Bhd. BBH and Co Boston for Pension Fund Association (400035144 MTBC)	16,968,300	0.61
29. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Morgan Stanley & Co. LLC (Client)	16,897,743	0.61
30. HSBC Nominees (Asing) Sdn. Bhd. HSBC Bk PLC for Saudi Arabian Monetary Agency	15,787,600	0.57

List of Properties Held

Owner of building	Postal address/ location of building	Description/ existing use of building	Tenure/ date of expiry of lease	Build-up area	Approximate age of building	Audited net book value as at 31 December 2013 (RM'000)
AirAsia Berhad	Taxiway Charlie, KLIA(part of PT39 KLIA, Sepang) <i>See note 1</i>	Non permanent structure/aircraft maintenance hangar	<i>See note 2</i>	2,400 sqm	10 years and 5 months	1,677
AirAsia Berhad	AirAsia Academy, Lot PT25B, Southern Support Zone, KLIA 64000 Sepang, Selangor	AirAsia Simulator Complex	30 years from 20 September 2004 to 19 September 2034	4,997 sqm	9 years	9,411
AirAsia Berhad	AirAsia Academy, Lot PT25B, Southern Support Zone, KLIA 64000 Sepang, Selangor	AirAsia Academy, Engineering and InFlight Warehouse	30 years from 1 May 2007 to 30 April 2037	6,225 sqm - Academy 5,255 sqm - Engineering/In- Flight Warehouse	6 years	22,089

- (1) On the fitness of occupation of the hangar, it is the subject of a year-to-year “Kelulusan Permit Bangunan Sementara” issued by the Majlis Daerah Sepang. The permit has been renewed and will expire on 31 December 2014.
- (2) The land area occupied is approximately 2,400 square meters. The land is owned by Malaysia Airports (Sepang) Sdn. Bhd. (“MAB”) and the Company has an automatic renewal of tenancy on a month to month basis. Revaluation of properties has not been carried out on any of the above properties to date

Sales Offices & Stations

BRUNEI DARUSSALAM

Bandar Seri Begawan

- Brunei International Airport BSB, U Lot 122, 2nd Floor, Mezzanine Level of Terminal Complex, Brunei Darussalam

CAMBODIA

PHNOM PENH

- Phnom Penh Airport , 17 Mezzanine Floor, Arrival Domestic Terminal, Phnom Penh
- 179 Street Sisowath, Sangkat Phsar Kandal 1, Khan Daun Penh, 12204 Phnom Penh

CHINA

MACAU

- Macau International Airport Taipa, Office 20, Mezzanine Level, Passenger Terminal, Macau

GUANG DONG

- Century Holiday International Travel Service (Shenzhen), Co Ltd, XY-10 Junting Hotel, 2085 Eastern Road, Luo Hu, Shenzhen 518001
- Century Holiday International Travel Service (Guang Zhou), Co Ltd, First Floor, No 8 Zhong Shan 3 Road, Guang Zhou 510000
- 151, South of Ying Bin Road, Zhuhai, Guang Dong 519000

BEIJING

- Century Holiday International Travel Service (Beijing) Co Ltd, No 163A Yi Floor, No 6 Chaowai Street, Chao Yang District, Beijing 100022

CHENGDU

- Century Holiday International Travel Service (ChengDu) Co Ltd, No 172-5 Binjiang East Road, Jinjiang District, ChengDu

SHANGHAI

- Century Holiday International Travel Service (Shanghai) Co Ltd, No739, Changde Road, Jing'an District, Shanghai

INDONESIA

BANDA ACEH

- Bandara Sultan Iskandar Muda, Blang Bintang, Aceh

DENPASAR, BALI

- Bandara I Gusti Ngurah Rai, Terminal Keberangkatan International Bali 80361
- Jl Legian Kaja No 455, Kuta, Bali

BANDUNG

- Ruangan Nombor 34, Bandara Husein Sastranegara, Jalan Pajajaran No 156 Bandung, Jawa Barat
- Lobby Grand Serela Hotel, No 56 Jl LL RE Martadinata (Riau)

JAKARTA

- Soekarno-Hatta International Airport Terminal 3, Departure Hall Airlines Offices, Cengkareng
- Jl Boulevard Raya, Blok LA 4, No 10 Kelapa Gading, Jakarta Utara
- Komp Rukan Dharmawangsa, No 43 Jl Dharmawangsa VI, Jakarta Selatan
- Sarinah Plaza (LG level), No. 11 Jl Mh Thamrin, Jakarta Pusat

MAKASSAR

- Sultan Hasanuddin International Airport, Departure Terminal, Makassar, South Sulawesi
- No R28 Jl Boulevard Ruko Ruby, Panakukkang Mas

MEDAN

- Kualanamu International Airport, 1st floor, Ticketing Lounge, International Arrival Deli Serdang
- Garuda Plaza Hotel, No.18 Jl Sisingamangaraja, Medan-20213

PADANG

- Minangkabau International Airport, Padang, West Sumatra

PALEMBANG

- Sultan Mahmud Badaruddin II Airport, Palembang, South Sumatra

PEKANBARU

- Sultan Syarif Kasim II, International Airport, Jl Perhubungan Udara Simpang Tiga, Pekanbaru, Sumatra

SOLO

- Adi Soemarmo International Airport, Solo, Central Java

SURABAYA

- Juanda International Airport, International Terminal Lobby, Jl Raya Juanda Surabaya, Jawa Timur
- Grand Circle Tunjungan Plaza 3, Lantai 1, (Lobby Condominium Regency), Jl Basuki Rahmat 8-12, Surabaya

YOGYAKARTA

- Adisutjipto International Airport, Jl Solo Km9, Yogyakarta 55282
- Melia Purosani Hotel, No 31Jl Suryotomo, Yogyakarta

MALAYSIA

JOHOR

- Tune Hotels.com Danga Bay, Lot PTB 22819, Jalan Skudai, Mukim Bandar, 80200 Johor Bahru
- Senai International Airport, GL 13, 81250 Johor Bahru
- No 26 Jalan Meriam, 84000 Muar, Johor
- No 7, Jalan Bestari 1/5, Taman Nusa Bestari, 79100, Bandar Nusajaya, Johor
- Kluang Mall, Lot GK-01, Ground floor, Jalan Rambutan, 86000 Kluang, Johor

Sales Offices & Stations

KEDAH

- Lapangan Terbang Sultan Abdul Halim, Lot 20, 06200 Kepala Batas, Alor Star
- Langkawi International Airport, Padang Mat Sirat, 07100 Langkawi
- No 68-B Ground Floor, Jalan Ibrahim, 08000 Sungai Petani

KUALA LUMPUR

- Stesen Sentral, Lot 4, Level 2, 50470 Kuala Lumpur
- Plaza Berjaya, Lot G027B, Ground Floor, Podium Block, 12 Jalan Imbi, 55100 Kuala Lumpur
- No 71 Jalan Metro Perdana Barat, 1 Taman Usahawan Kepong, 52100 Kuala Lumpur
- Plaza Low Yat, Lots UG-003, UG-003A & UG0038, Upper Ground Floor, 7 Jalan 1/77, 55100 Kuala Lumpur

KELANTAN

- Lapangan Terbang Sultan Ismail Petra, Pengkalan Chepa, 16100 Kota Bharu

PERAK

- Tune Hotel, No 2, Ground Floor, The Host, Jalan Veerasamy, 30000 Ipoh,

TERENGGANU

- Sultan Mahmud Airport, Level 1, Terminal Building, 21300 Kuala Terengganu

LABUAN

- Labuan Airport Terminal, Level 1, 87008 Wilayah Persekutuan Labuan

MELAKA

- No 32, Jalan Melaka Raya 23, Taman Melaka Raya, 75000 Melaka

PENANG

- Penang International Airport, Bayan Lepas, 11900 Penang
- Ground Floor, Kim Mansion 332, Chulia Street, 10200 Penang
- No 723 L-G, Jln Sungai Dua, 11700 Penang
- A-G-07, Jalan Todak 4, Sunway Business Park, Seberang Perai, 13700 Penang

SABAH

- Sandakan Airport, Lots 1&2, 1st Floor, Terminal Building, 90719 Sandakan
- Tawau Airport Building, FL4, 1st Floor, Jalan Apas-Balung, 91100 Tawau
- Istana Monaco, TB228, Lot 5, Ground Floor, Fajar Complex, Jalan Bunga, 91000 Tawau
- Wisma Sabah, Lot G24, Ground Floor, Jln Tun Razak, 88000, Kota Kinabalu
- Kota Kinabalu International Airport, Ground Floor, Terminal 2, Old Airport Road, Tanjung Aru, 88100 Kota Kinabalu
- Oneplace Mall, Lot G67, Ground Floor, Putatan, 88200 Kota Kinabalu

SARAWAK

- Bintulu Airport, GL02, Ground Floor, 97000 Bintulu
- Miri Airport, Ground Floor, 98000 Miri
- Lot 946, Jalan Parry, 98000 Miri
- Wisma Ho Ho Lim, 291 Sub, Lot 4, Ground Floor, Jalan Abell, 93100 Kuching
- Sibu Airport, GFLO1, Departure Area, Ground Floor, 96000 Sibu
- No 36 Jalan Keranji, Ground Floor, 96000 Sibu
- Parkcity Commercial Sq, Phase 5, Lot 4034, Grd Flr, Jln Tun Ahmad Zaidi, 97000 Bintulu
- SL11 Ground Floor, Lot 2541, Lee Ling Heights Phase 2, Mile 6.5 Jalan Penrissen, PO Box 2044, 93250 Kuching
- Synergy Square, (Matang Jaya Commercial Centre), Lot 6813, Ground Floor, Jalan Matang Jaya, 93050 Kuching
- Kuching International Airport, Lot L1L C15, Ground Floor, Arrival Level, Kuching

SELANGOR

- Sultan Abdul Aziz Shah Airport, Terminal 3, Ground Floor, 47200 Subang, Selangor
- Kuala Lumpur International Airport, Jalan KLIA S3, Southern Support Zone, 64000 Sepang, Selangor
- Mydin Mall, Lot-35, USJ 1
- B-G-3A, IOI Boulevard, Jalan Kenari 5, Bandar Puchong Jaya, 47170 Puchong, Selangor
- Plaza Metro Kajang, Lot S141, 2nd Floor, Section 7, Jalan Tun Abdul Aziz, 43000 Kajang
- No 10, Jalan Bandar Rawang 11, Bandar Baru Rawang, 48000 Rawang, Selangor
 - Wisma Thrifty, Lot 3B, Ground Floor, No19 Jalan Barat (opposite PJ Hilton), 46200 Petaling Jaya, Selangor

MYANMAR**YANGON**

- Yangon International Airport
- Parkroyal Yangon, Office Unit# 01-L, Myanmar

MANDALAY

- No3, 26 (B), Road (between 78th and 79th Street), Mandalay

PHILIPPINES**CLARK**

- Diosdado Macapagal International Airport Clark Civil Aviation Complex Clark Freeport Zone, Philippines 2023

MANILA

- Wintrex Travel Corporation, Unit 108 SM City North Edsa - The Block SM City Complex, North Edsa, Pag-Asa 1, Quezon City, Manila
- Wintrex Travel Corporation, Unit 126 South Parking Building, SM Mall of Asia Complex, JW Diokno Boulevard, Pasay City
- G/F Colonnade Residences 132 C Palanca Street Legaspi Village
- Unit 126 South Parking Building, SM Mall of Asia Complex, JW Diokno Boulevard, Pasay City
- Unit 108 SM City North Edsa - The Block, SM City Complex, North Edsa, Pag-Asa 1, Quezon City

DAVAO

- Gaisano Mall of Davao, 4th Level, JP Laurel Avenue, Bajada Davao City
- Francisco Bangoy International Airport, Buhangin, Davao City
- 2/L Victoria Plaza, JP Laurel Avenue, Davao City
- 4F Gaisano Mall Bajada

TAGBILARAN

- Talibon Commercial Center 1, Talibon, Bohol
- Airport Building, 2nd Floor, Airport Road, Tagbilaran City

PUERTO PRINCESA

- Bgy Banca-Banca, Airport Compound, Puerto Princesa City

TACLOBAN

- DZR Airport, San Jose Tacloban City

SINGAPORE

- Singapore Changi Airport, Terminal 1, Rows 13 & 14, Departure Level 2, Singapore

SRI LANKA**COLOMBO**

- Setmil Aviation (Pvt) Ltd, Ground Floor, Setmil Maritime Centre, 256 Srimath Ramanathan Mawatha, Colombo 15

THAILAND**BANGKOK**

- 127 Tanao Road, Phra Nakorn, Bangkok 10200
- Suvarnabhumi International Airport, Room A1-062 Ground Floor, Concourse A, Bangna-Trad Road, Racha Teva, Bang Pli, Samutprakarn 10540
- Tesco Lotus - Bangkapi, 2nd Floor, 3109 Ladpro Road, Bangkapi, Bangkok 10240
- Tesco Lotus - Rama1, 3rd Floor, 831 Rama 1 Road, Wangmai, Pathumwan, Bangkok10330
- Tesco Lotus - Rangsit, 2nd Floor, 392/4, Moo2, Phaholyothin Road, Thanyaburi, Pathumthani 12130
- Tesco Lotus - Sukhumvit 50, 1st floor, 1710, Sukhumvit Road, Klong Toey, Bangkok 10110
- Tesco Lotus - Lad Prao, 2nd Floor, 1190, Phahonyothin Road, Jompol, Jatujak, Bangkok 1090

CHIANG MAI

- Chiangmai International Airport, 60, 1st Floor, Tambol Sutep, Amphur Muang, Chiang Mai 50200
- 416 Thaphae Road, Chiang Mai
- Tesco Lotus - Chiang Mai Kamtieng, 2nd Floor, 19, Kamtieng Road, Patan Sub District, Muang District, Chiang Mai 50340

CHIANG RAI

- Chiang Rai International Airport, 2305/2 404 Moo 10, Tambol Bandu, Amphur Muang, Chiang Rai 57100

HAT YAI

- Hat Yai International Airport, 125 Moo 3 Klongla, Klonghoikong, Songkhla 90115
- Tesco Lotus - Hat Yai, 1st Floor, 1142, Kanchanawit Road, Hat Yai, Songkhla 90115

KRABI

- 133 Moo 5 Petchkasem Road, Tambol Nuakrong, Amphur, Nuakrong, Krabi 81130

Sales Offices & Stations

NARATHIWAT

- Narathiwat Airport, 330 Moo 5, Tambol Kok-Kian, Amphur Muang, Narathiwat 96000

PHUKET

- Phuket International Airport, 312, 3rd Floor, Tambol Maikao, Amphur Thalang, Phuket 83110
- Unit 9, Laflora Patong Area, No 39, 39/1, Thaveewong Rd, Patong, Krato, Phuket
- Tesco Lotus - Phuket, 2nd Floor, 104, Chalermprakiat Road, Rasada Sub District, Muang District, Phuket 83000

SURAT THANI

- Surat Thani International Airport, 73 Moo 3 Tambol Huatuey, Amphur Punpin, Surat Thani

UBON RATCHATHANI

- Ubon Ratchathani Airport, 297 Ubon Ratchathani Airport, Thepyotee Road, Amphur Nai Muang, Ubon Ratchathani 34000

UDON THANI

- Udon Thani International Airport, 224 Moo 1, Tambol Makkhang, Amphur Muang, Udon Thani 41000

PATTAYA

- Tesco Lotus - South Pattaya, 2nd Floor, 408/2 Moo 12, South Pattaya, Sukhumvit Rd, Nongprue, Banglamung, Chonburi 20150

VIETNAM

HANOI

- Noi Bai International Airport, Lobby A, 3rd floor

HO CHI MINH

- Tan Son Nhat International Airport, Room # 1.4.19

CALL CENTRE

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+65 6307 7688

(AirAsia X Premium Line)

South Korea

00798 1420 69940

Taiwan

008 0185 3031

Thailand

+66 2 515 9999

Glossary

AirAsia Berhad	“The Company” or “AirAsia”.
Aircraft at end of period	Number of aircraft owned or on lease arrangements of over one month’s duration at the end of the period.
Aircraft utilisation	Average number of block hours per day per aircraft operated.
Available Seat Kilometres (ASK)	Total seats flown multiplied by the number of kilometres flown.
Average fare	Passenger seat sales, surcharges and fees divided by number of passengers.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capacity	The number of seats flown.
Cost per ASK (CASK)	Revenue less operating profit divided by available seat kilometres.
Cost per ASK, excluding fuel (CASK ex fuel)	Revenue less operating profit and aircraft fuel expenses, divided by available seat kilometres.
Load factor	Number of passengers as a percentage of capacity.
Passengers carried	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Revenue per ASK (RASK)	Revenue divided by available seat kilometres.
Revenue Passenger Kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers have flown.
Stage	A one-way revenue flight.

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Form of Proxy

AIRASIA BERHAD
(Company No.: 284669-W)
Incorporated in Malaysia



I/We _____ NRIC No./or Co. No.: _____
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of _____ being a
(ADDRESS)

member of AIRASIA BERHAD ("the Company") hereby appoint _____
(FULL NAME IN BLOCK LETTERS)

NRIC No.: _____ of _____
(COMPULSORY) (ADDRESS)

and/or _____ NRIC No.: _____ of _____
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

(ADDRESS)

as my / our proxy(ies) to vote in my / our name and on my / our behalf at the Twenty First Annual General Meeting of the Company to be held on Wednesday, 4 June 2014 at 10.00 a.m. and at any adjournment of such meeting and to vote as indicated below:

RESOLUTIONS	DESCRIPTION	FOR	AGAINST
Ordinary No. 1	Ordinary Business Receive the Audited Financial Statements and Reports		
No. 2	Declaration of First and Final Single Tier Dividend		
No. 3	Approval of Directors' Fees		
No. 4	Re-election of Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar		
No. 5	Re-election of Datuk Mohd Omar Bin Mustapha		
No. 6	Re-election of Mr. Robert Aaron Milton		
No. 7	Re-appointment of Auditors		
No. 8	Special Business Proposal for Dato' Fam Lee Ee to continue as Independent Non-Executive Director of the Company		
No. 9	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting as he thinks fit)

No. of shares held:	
CDS Account No.:	
The proportion of my/our holding to be represented by my/our proxies are as follows:	First Proxy : _____ % Second Proxy : _____ %
Date:	

Signature of Shareholder/Common Seal

Notes to Form of Proxy

- Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the forthcoming Annual General Meeting.
- A member must be registered in the Record of Depositors at 5.00 p.m. on 28 May 2014 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a Member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
- The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**

Fold here

stamp

COMPANY SECRETARY

AirAsia Berhad (Company No. 284669-W)
B-13-15, Level 13
Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold here

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