

Dato' Fam Lee Ee, Malaysian, aged 55, was appointed an Independent Non-Executive Director of the Company on 8 October 2004. He was re-designated as Senior Independent Non-Executive Director on 20 August 2014. He is a member of the Audit Committee and Chairman of the Nomination and Remuneration Committee 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 used to sit on the Board of Trustees of Yayasan PEJATI from 1996 to 2007. Since 2001, he has served as a legal advisor to the Chinese Guilds and Association and charitable organisations such as Yayasan SSL Haemodialysis Centre in PJ.

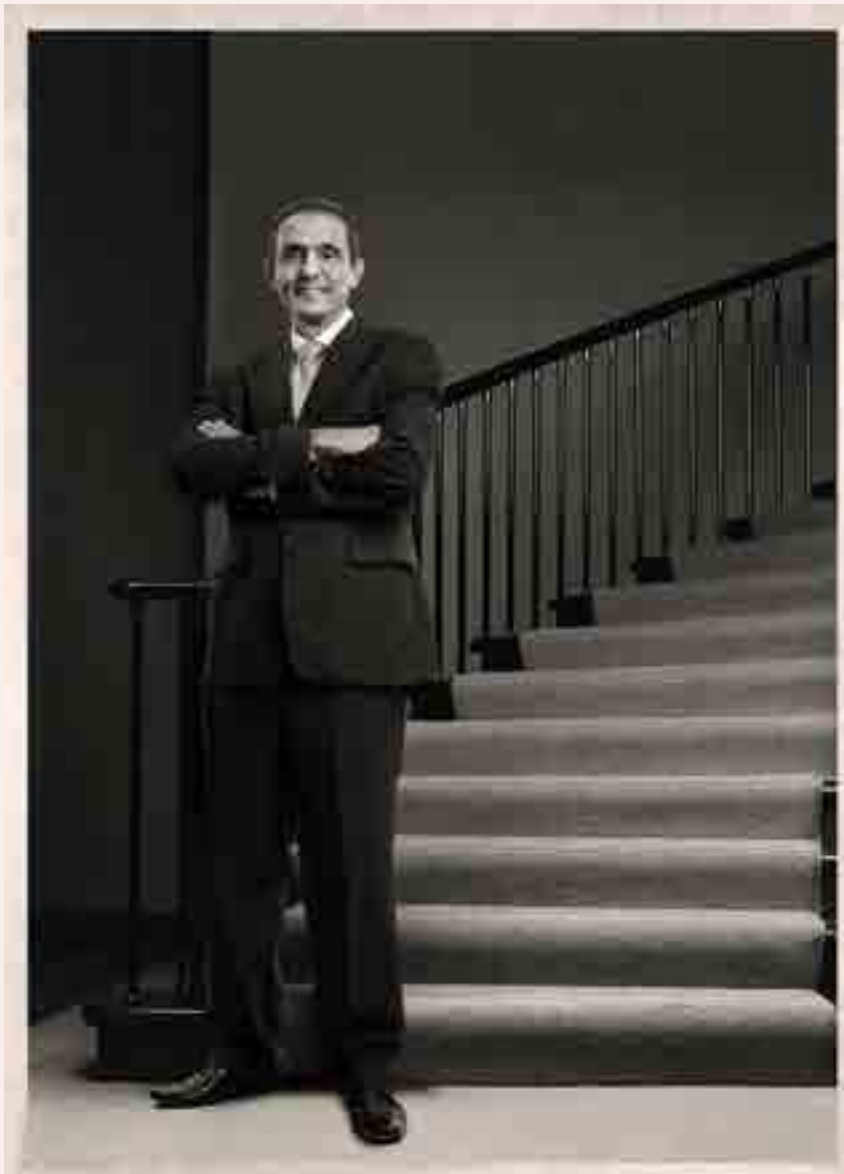
Dato' Fam is also a Non-Independent Non-Executive Director of AirAsia X Berhad.

DATO' FAM LEE EE

Senior Independent
Non-Executive Director

Malaysian





DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR

Non-Independent
Non-Executive Director

Malaysian

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar, Malaysian, aged 62, was appointed a Non-Executive Director of the Company on 20 April 2005. On 16 June 2008, he was re-designated as 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 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 an MBA from the University of Dallas, USA in 1980.

He is also currently an Executive Chairman of Naim Indah Corporation Berhad and a Director of Yayasan Astro Kasih.

Aireen Omar, Malaysian, aged 42, was appointed as Chief Executive Officer and Executive Director of the Company effective from 1 July 2012. Prior to this, she was the Regional Head of Corporate Finance, Treasury and Investor Relations of the Company. She is also a member of the Safety Review Board.

She is an Economics graduate of the London School of Economics and Political Science and also holds an MA in Economics from New York University.

Aireen joined AirAsia Berhad in January 2006 as Director of Corporate Finance, where her portfolio expanded quickly to also include Treasury, Fuel Procurement and Investor Relations functions. Taking on these roles, she was instrumental in shaping the development of AirAsia into one of the fastest growing and most highly-acclaimed airlines globally.

She began her career at Deutsche Bank Securities Inc, where she served as 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 her return to Malaysia in 2001, she served several major local financial institutions including the Maybank Group.

Aireen received an Outstanding Achievement Award (CEO category) at the inaugural Malaysian Women of Excellence 2014. She was awarded Corporate Treasurer's 25 Most Influential Women in Treasury 2015 and 'Masterclass Woman CEO of the Year' award for two consecutive years (2014 & 2015) at the Selangor Excellence Business Awards.

She is a member of the Board of Directors of Malaysia Tourism Promotion Board (Tourism Malaysia), AirAsia Global Shared Services Sdn Bhd, Think BIG Digital Sdn Bhd, Tune Money Sdn Bhd, Ground Team Red Sdn Bhd (formerly known as Aras Sejagat Sdn Bhd) and Asia Aviation Capital Limited.

AIREEN OMAR

Executive Director &
Chief Executive Officer

Malaysian





TAN SRI (DR.) TONY FERNANDES

Non-Independent Executive Director and
Group Chief Executive Officer

Malaysian

Tan Sri (Dr.) Tony Fernandes CBE, Malaysian, aged 52, was appointed Group Chief Executive Officer of the Company in December 2001, 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 on 6 November 2013. He is also a member of the Investment Committee of the Board.

Tan Sri Tony graduated from the London School of Economics. He was admitted as an Associate Member of the Association of Chartered Certified Accountants in 1991 and became a Fellow Member in 1996. He also received an Honorary Doctorate of Business Innovation from Universiti Teknologi Malaysia (UTM) in March 2010.

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).

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 industry accolades. 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 Tan Sri from a former Yang di-Pertuan Agong. Internationally, he has been presented the title Officier of the Legion d' Honneur, followed by the Commander of the Legion d' Honneur, the highest rank of honour that the French Government can bestow on non-French citizens. He was also awarded the title 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 in 2006 and 2007, was presented the CAPA Legend Award 2009 (Aviation Hall of Fame), and the Airline CEO of the Year Award for 2009 from Jane's Transport Finance.

In 2010, Tan Sri Tony was awarded the Nikkei Asia Prize in Tokyo 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 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 2012.

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 2013.

He was named Airline Industry Leader of the Year at the 4th Aviation 100 Awards in January 2014, and Brand Builder of the Year at the 2014 World Branding Awards. In 2015, he made it onto 2015 TIME 100, the magazine's annual list of the 100 most influential people in the world. Most recently, he was recognised by the U.S. - ASEAN Business Council with the 'Fourth Pillar' award for his extraordinary contribution towards the growth of ASEAN. He is the second recipient of the award after the Administration of U.S. President Barack Obama.

He is a Non-Independent Non-Executive Director of both Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) and AirAsia X Berhad.





DATUK KAMARUDIN BIN MERANUN

Non-Independent Executive Chairman

Malaysian

Datuk Kamarudin Bin Meranun, Malaysian, aged 54, was appointed a Director of the Company on 12 December 2001; an Executive Director in January 2004; and Group Deputy Chief Executive Officer on 8 December 2005. Thereafter, he was re-designated as Deputy Group Chief Executive Officer & President of Group Finance, Treasury, Corporate Finance and Legal effective from 13 February 2012; Non-Independent Non-Executive Director on 30 June 2012; and a Non-Independent Executive Chairman on 6 November 2013.

Datuk Kamarudin and Tan Sri (Dr.) Tony Fernandes founded the AirAsia Group, having acquired and relaunched the struggling AirAsia in December 2001.

Prior to AirAsia, Datuk Kamarudin worked in Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager. 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 BSc with Distinction (*magna cum laude*) majoring in Finance in 1986, and an MBA from Central Michigan University in 1987.

Datuk Kamarudin was awarded 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 Executive Director and Group Chief Executive Officer of AirAsia X Berhad and a Non-Independent Non-Executive Director of Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad). He is also a Director of Yayasan Pendidikan Titiwangsa.





Dato' Mohamed Khadar Bin Merican, Malaysian, aged 60, was appointed an Independent Non-Executive Director of the Company on 16 February 2016. He is the Chairman of Audit Committee and member of the Safety Review Board. Prior to this, he served as an Independent Non-Executive Director of the Company from 10 September 2007 to 20 August 2014.

Dato' Mohamed Khadar is a Member of the Institute of Chartered Accountants in England and Wales and is also a Member of the Malaysian Institute of Accountants.

Dato' Mohamed Khadar has had more than 40 years of experience in financial and general management. He served as an auditor and a consultant in an international accounting firm, before joining a financial services group in 1986. Dato' Mohamed Khadar has held various senior management positions in Pemas International Holdings Berhad (now known as Tradewinds Corporation Berhad) between 1988 and April 2003, including those of President and Chief Operating Officer. In 2013, Dato' Mohamed Khadar, in his capacity as the Chairman of RHB Capital, was named as the "Chairman of The Year" by the Minority Shareholders Watchdog Group at its MalaysianAsean Corporate Governance Index Awards 2013.

Dato' Mohamed Khadar's other directorships in public companies are RHB Capital Berhad, RHB Bank Berhad, RHB Investment Bank Berhad, Astro Malaysia Holdings Berhad, Sona Petroleum Berhad, Rashid Hussain Berhad (In Members' Voluntary Liquidation) and RHB OSK Securities (Thailand) Public Company Limited (Chairman).



DATO' MOHAMED KHADAR BIN MERICAN

Independent
Non-Executive Director

Malaysian

STUART L DEAN

Independent
Non-Executive Director

American



Stuart L Dean, American, aged 63, was appointed an Independent Non-Executive Director of the Company on 15 June 2015. He is the Chairman of the Safety Review Board and member of the Investment Committee.

Mr. Dean graduated magna cum laude from Duke University in 1975 with a BA in Economics and Political Science and as a member of Phi Beta Kappa. He obtained an MBA from Harvard in 1979.

Mr. Dean has over 35 years of experience working across GE businesses in the US and Asia in senior positions in sales, marketing, product general management, services marketing and general management. He retired from GE in April 2015.

Mr. Dean started in an advanced sales and marketing entry program in GE Appliances in 1979. He was the Marketing Manager for the Dishwasher business in 1983.

Mr. Dean was appointed Specialty Appliance Manager with responsibility for developing a new line of high-end built-in appliances called the GE Architecture Line. He then was appointed Product General Manager in 1988.

He took a business development role in Singapore in late 1991 and became President of GE Capital, Southeast Asia, in 1993. Following his assignment in GE Capital, he became President, GE Indonesia in February 1995.

In May 2002, he became President and CEO, GE ASEAN and was given responsibility for all of ASEAN, based in KL.

Mr. Dean also serves on the board of MIDA and the Advisory Boards of Duke University Trinity College and Harvard Business School Asia.





Amit Bhatia, British, aged 36, was appointed an Independent Non-Executive Director of the Company on 9 June 2014. He is also the Chairman of the Investment Committee.

A multi award-winning entrepreneur and one of Britain's most influential Asian figures (GG2 Power List 2014), Amit is Chairman of Hope Construction Materials, Britain's leading independent supplier of cement, concrete and aggregates. He founded the firm in 2013, becoming the first new entrant to the industry for more than a decade.

Amit studied Economics at Cornell University, USA, following which he joined Credit Suisse First Boston in London. He incubated the Swordfish group of companies in 2005 as Founder and Senior Managing Partner.

Amit is involved in a wide range of charitable organisations. He is Founder and Benefactor of his own UK registered charity Global Relief Initiative and Ambassador of the KP24 Foundation. He is also a member of the External Advisory Council on Internationalisation for Cornell University and a member of the Lionel Curtis Group at Chatham House.



AMIT BHATIA

Independent
Non-Executive Director

British

DATO' SRI GNANARAJA A/L M. GNANASUNDRAM

Independent
Non-Executive Director

Malaysian



Dato' Sri Gnanaraja A/L M. Gnanasundram, Malaysian, aged 35, was appointed an Independent Non-Executive Director of the Company on 21 December 2015. He is a member of the Nomination and Remuneration Committee.

Dato' Sri Gnanaraja graduated Bachelor of Laws from the University Of Hertfordshire (UK).

Dato' Sri Gnanaraja brings a wealth of experience in investment and has a strong record of helping businesses grow and transform in the corporate industry. His strengths are in strategic and financial planning. He has extensive expertise in general management, structured finance, corporate finance and bridge financing across multiple markets including in Malaysia, Singapore, Hong Kong and India.

Dato' Sri Gnanaraja is a corporate trained multi-disciplined professional, specially well versed with the socio-economic and political environment in ASEAN. He advises many corporations on the importance of observing political environment in the business world. This extensive global combination of experience has enabled him to act as a Senior Advisor to a number of public and private companies in the Asia-Pacific region.

Dato' Sri Gnanaraja was conferred the highest senior state title Sri Sultan Ahmad Shah (SSAP) that ranks first in order of award which carries the prestigious title of "Dato' Sri" by His Royal Highness Duli Yang Maha Mulia Sultan Haji Ahmad Shah Al-Musta'in Billah Ibni Al-Marhum Sultan Abu Bakar Ri'ayatuddin Al-Mu'adzam Shah.

Notes:

Family Relationship

None of the Directors has any family relationship with any other Director and/or major shareholder of AirAsia.

Conflict of Interest

None of the Directors has any conflict of interest with AirAsia Group.

Conviction for Offences

None of the Directors has been convicted for offences within the past 10 years other than traffic offences, if any.

Attendance at Board Meetings

The attendance of the Directors at Board of Directors' meetings is disclosed in the Statement on Corporate Governance.



SENIOR MANAGEMENT TEAM



DATUK KAMARUDIN BIN MERANUN

NON-INDEPENDENT EXECUTIVE CHAIRMAN
AirAsia Berhad

Details of Datuk Kamarudin Bin Meranun are disclosed in the Director's Profile on page 55 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 Director's Profile on page 55 of this Annual Report.



AIREEN OMAR

**EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER**
AirAsia Berhad

Details of Aireen Omar are disclosed in the Director's Profile on page 55 of this Annual Report.

SENIOR MANAGEMENT TEAM



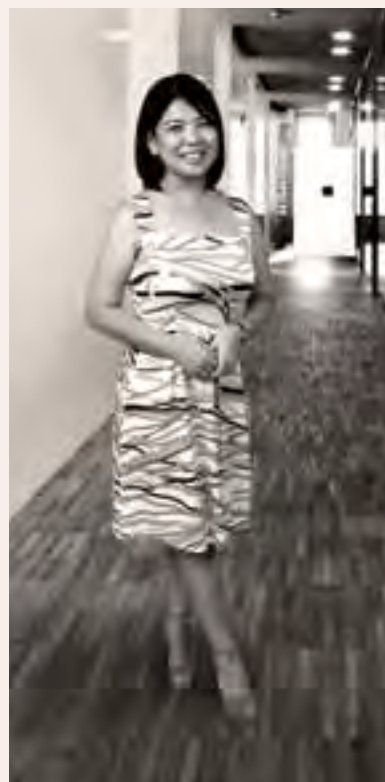
TASSAPON BIJLEVELD

CHIEF EXECUTIVE OFFICER
Thai AirAsia



SUNU WIDYATMOKO

CHIEF EXECUTIVE OFFICER
Indonesia AirAsia



JOY CAÑEBA

CHIEF EXECUTIVE OFFICER
Philippines AirAsia



MITTU CHANDILYA

CHIEF EXECUTIVE OFFICER
AirAsia India

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 turn around 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.

Sunu Widyatmoko joined Indonesia AirAsia in 2013 as its Chief Financial Officer, and in less than a year was appointed as the airline's Chief Executive Officer, replacing Captain Dharmadi who has assumed the role of Commissioner. Sunu is responsible for overseeing the operations of Indonesia AirAsia and leading its development. He brings with him more than 17 years of experience in corporate finance advisory to national and global corporations. Prior to joining Indonesia AirAsia, he was Director of Investment Banking at PT Bahana Securities, a state-owned enterprise focusing on investment banking, capital market and securities brokerage services. At PT Bahana Securities, Sunu played an instrumental role in bringing big-scale enterprises public, including airlines. He was also involved in mergers and acquisitions, project financing and debt restructuring of leading institutions.

Sunu obtained a Master of Business Administration from the University of Illinois, Urbana-Champaign, USA, and a Bachelor's degree from Brawijaya University, Malang, Indonesia.

AirAsia operations in the Philippines took a major step forward in 2015 when under the leadership of its CEO Joy Cañeba, Philippines AirAsia finally completed the transition to a single Air Operator's Certificate (AOC) following the consolidation of AirAsia and ZestAir operations.

Using her expertise in legal and corporate affairs, Joy led the team through the complex regulatory process and often challenging environment of streamlining operations to manage cost and institute reforms to further improve the delivery of products and services.

Joy is particularly proud of her team's efforts to gain Philippines AirAsia approval by the European Union and European Aviation Safety Agency (EASA) during their observation visit in June - a testament that Philippines AirAsia operates at a higher standard than what is required.

Joy believes that a strong, innovative service culture within the organisation will set Philippines AirAsia apart from the others. She personally leads a team that oversees passenger satisfaction by reviewing customer feedback on a weekly basis. Joy was the external legal counsel of AirAsia before she was appointed COO and assumed the CEO post in 2014.

The dynamic and results-oriented MD & CEO of AirAsia India made headlines as the youngest CEO in Indian aviation, at the age of 32. In a short span of two years, Mittu was elevated to the post of MD. With strong analytical and problem solving skills, Mittu is a high achiever who has consistently demonstrated exceptional strength in driving results and leading regional and global teams across the world. Equipped with a unique mix of leadership experiences ranging from a successful entrepreneurial start-up to country, regional and global leadership roles within multinational organisations and, finally, to high-impact management consulting experience, Mittu spearheads the operations of AirAsia India along with his young and dynamic team.

Hailing from a working class family in Chennai, Mittu won a grant for a start-up at 19 and the prototype he built was later bought by an FMCG company. At 25, Mittu was one of the youngest general managers at Ingersoll Rand where he managed the business unit's Asia Pacific (AP) Strategy, P&L, Business Development, Market Intelligence and Product, Pricing and Channel. One of the best-in-class & vibrant acquisition processes that Mittu developed for the company was implemented across the organisation. Later, at 29, Mittu was appointed by Egon Zehnder as the Principal (Management Consultant) for the Hospitality, Airlines and Aviation sectors as well as the Leader of the Services Practice Group for Asia Pacific and the Leader of the Industrial Practice Group for South East Asia. Mittu also held the important post of Chairman of Advisory Boards for C-Level executives at listed companies.

SENIOR MANAGEMENT TEAM



ROZMAN OMAR

**GROUP CHIEF
FINANCIAL OFFICER**

As the Group CFO, Rozman oversees regional corporate finance, treasury, procurement and AirAsia Global Shared Services. He was part of the key management team that spearheaded the initial public offering (IPO) of AirAsia Berhad on Bursa Malaysia. He was also one of the key personnel involved in the formation of AirAsia's joint ventures in Thailand and Indonesia. Upon completion of AirAsia's IPO in November 2014, he was made Chief Financial Officer of PT Indonesia AirAsia responsible for all the financial and corporate legal aspects of the company. Rozman has over 22 years of extensive corporate finance experience. Upon completion of his ACCA exams in 1984, he joined Arab-Malaysian Merchant Bank Berhad for six years and then moved on to other financial institutions before rejoining Arab-Malaysian Merchant Bank Berhad as General Manager, Corporate Finance from 1994 to 1996. Rozman later joined Innosabah Corporate Services Sdn Bhd as its Managing Director until 1999, before becoming part of InCAM Consulting Sdn Bhd until 2003.



HOW KIM LIAN

**CHIEF FINANCIAL
OFFICER**

Kim Lian joined AirAsia as our Chief Financial Officer on 1 March 2015. Prior to this, he was with PricewaterhouseCoopers (PwC) Consulting, leading the Finance Consulting practice in Malaysia. He has over 19 years of experience in finance function improvement, programme management and Enterprise Performance Management, carrying out a variety of assignments in various countries across the world. At PwC, Kim Lian led numerous organisational and finance transformation projects in industries such as logistics, aviation and the government department. He also led in the integration of mergers and Enterprise Performance Management engagements to assist companies in gaining better insight into their business. Prior to joining PwC Malaysia, Kim Lian worked in China on various projects with China Unicom. He is a Certified Practising Accountant and a Certified Internal Auditor, as well as a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors.



BO LINGAM

**PRESIDENT AND GROUP CHIEF
OPERATING OFFICER**

Bo, as the Group COO, oversees customer experience, IT, engineering, operations control centre, ground operations, inflight services, flight operations and security. He has worked extensively in the publication and music industry at various production houses. He joined AirAsia in 2001 as Ground Operations Manager. Prior to his current appointment as Group COO & President, Bo held several other key roles at AirAsia including as Regional Director - Guest Services and Senior Manager - Purchasing and Supplies before he was seconded to Thai AirAsia to oversee and assist in the initial set-up of Thai AirAsia's operations in Bangkok.



SIEGTRAUND TEH

**GROUP CHIEF COMMERCIAL
OFFICER**

Siegtraund joined AirAsia in May 2007 as Marketing Manager. In 2009, she became Group Marketing Manager and assumed the role of Group Chief Commercial Officer in 2013. She is responsible for revenue management, group marketing, sales, distribution, ancillary income, digital, network planning, and brand & communications.

Siegtraund was influential in transforming the decentralisation of commercial functions to maximise the central marketing expertise alongside the localised market knowledge. She lead teams within Marketing and Commercial functions, driving the successful and profitable business that expanded our footprint across the Asia Pacific region.

Prior to AirAsia, Siegtraund spent six years in the FMCG industry with EAC Holdings, DKSH Marketing and RedBull. She holds a Bachelor's Degree in Business Administration from Ottawa University, USA and a Postgraduate Diploma from the University of Leicester, UK.

SENIOR MANAGEMENT TEAM



**CAPTAIN
ADRIAN JENKINS**

**GROUP DIRECTOR,
FLIGHT OPERATIONS**

(also Director, Flight Operations, AirAsia Berhad)



**AMIR FAEZAL
BIN ZAKARIA**

**GROUP HEAD, PEOPLE &
LEGAL AFFAIRS**

Amir joined AirAsia as a Legal Counsel in 2005. His role as Group Head of People includes being responsible for the harmonisation of culture and organisational processes across the Group so that matters relating to rewards, employee relations, talent management and development are made uniform and simple for the benefit of the 14,500 Allstars across the region.

Amir and his team of in-house counsels also provide the Group with legal support on corporate finance, mergers and acquisitions and various aspects of operational and commercial transactions. In addition, he oversees the Group's regulatory and compliance functions.

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 and has been a member of the Honourable Society of Lincoln's Inn since 1992. He was called to the Malaysian Bar in 1993.



**ANAZ BIN AHMAD
TAJUDDIN**

**GROUP HEAD,
ENGINEERING**

(also Head, Engineering, AirAsia Berhad)

Anaz joined AirAsia as an Avionics Maintenance Engineer during its infancy, in 2003. Trained at Air Services Training in Perth, Scotland, he became a Licensed Aircraft Engineer at the age of 21, following which he worked with MAS in Kuala Lumpur, Jet Airways in Mumbai, Monarch Airlines Engineering Limited in London, and Bahrain Airport Services. In AirAsia, Anaz was responsible for the Entry into Service of the A320 in 2005, and for creating the Warranty & Contracts Department. Soon after, he was made Head of Engineering at AirAsia X, where he was instrumental in setting up the Engineering Department and obtaining the airline's Air Operator's Certificate (AOC). In 2012, he was appointed as the Group Head of Engineering, responsible for the Engineering Department within the AirAsia and AirAsia X Groups overseeing planning, warranty & reliability, technical services, technical procurement, projects, communications and IT for Engineering.



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 17 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).

SENIOR MANAGEMENT TEAM



**SPENCER LEE
TECK LOONG**

**HEAD,
COMMERCIAL**

Spencer oversees the entire Malaysia Commercial function and is accountable for its profit and loss. He joined AirAsia in 2006 as a Marketing Manager and moved on to set up the Ancillary Income Department. In 2013, he was appointed as Head of Marketing and a year later was promoted to Head of Commercial.

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 awards during his marketing period at AirAsia. He has over 15 years of experience in fields that include marketing, advertising, sales, communication, mobile and loyalty programmes. Recently, he became a member of the Malaysian Advertisers Association, a Board Member of the Audit Bureau of Circulation (Malaysia) and member of the World Federation of Advertisers (WFA). He graduated with a Bachelor's in Advertising and Marketing from Curtin University of Technology Perth, Australia.



**CAPTAIN SAIFUL JOHAR
BIN ABDUL LATIF**

**DIRECTOR,
SAFETY**

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.



ELINA EFFENDI

**HEAD,
INVESTOR RELATIONS**

Elina joined AirAsia in 2012 in the Corporate Finance department under the Next Generation Leaders (NGL) programme. She was posted to the Investor Relations function where she currently oversees and manages various investor engagement initiatives, undertakes research and performs analyses on the economy, aviation industry and financial markets. In addition, she is assisting the Group CEO and CEO in liaising with various governmental and non-governmental bodies on matters of the industry. Elina assumed her current role as Head of Investor Relations in March 2015. Prior to AirAsia, Elina started her career with CIMB Investment Bank under The Complete Banker (TCB) Management Trainee programme, with experience in investment banking, business banking and communications. Elina holds a BSc in Actuarial Science (Honours) from the University of Kent, UK. Prior to that, she earned a Diploma in Actuarial Science from UiTM where she received the Vice Chancellor Award in addition to the Dean's List Award for every semester.



**MOHD AZIZ
BIN LAIKAR**

**HEAD,
COMMUNICATIONS**

Aziz joined AirAsia in September 2011 with vast background in public relations. In his role as Head of Communications, he leads a professional in-house communication team responsible for developing communication strategies that help advance AirAsia's reach. He plans and strategises the positioning of AirAsia to the public through corporate profiling, apart from establishing marketing communication plans to enhance the visibility of the airline's extensive route network. He also manages relationships with the global media pool. Aziz brings with him 13 years of experience in the communication industry. His practice in public relations began with the Naza Group of Companies, followed by Reputation Mercatus Malaysia, an award-winning public relations consultancy where he landed the position of CEO at the age of 26.

SENIOR MANAGEMENT TEAM



**CAPTAIN
CHIN NYOK SAN**

**GROUP HEAD,
CARGO**

Captain Chin joined AirAsia in 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 was also an Authorised Examiner.



FRANCIS LOH

**HEAD,
GUEST SERVICES**

Francis joined AirAsia in 2013. He carries with him vast 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 is 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.



FARHANA AHMAD FAISAL

**HEAD,
FLIGHT ATTENDANT**

Farhana joined AirAsia as a cabin crew member in 1997. She was promoted to Senior Cabin Crew in 2001 and in 2004 ventured into safety training at the then AirAsia Academy (today Asian Aviation Centre of Excellence or AACE). She served as a trainer for two years before being promoted to Lead Instructor in 2006, ensuring cabin crew training is conducted according to Department of Civil Aviation (DCA) regulations while also meeting the company's standards. After serving four years in training, in 2010, Farhana stepped into operations again. In 2013, she was given the mandate to manage the Cabin Crew Department consisting of approximately 1,000 Allstars. She now heads the department with two assistant managers, 25 executives and approximately 1,400 dynamic cabin crew. Farhana has grown together with the company and still finds it exciting to serve her team and learn something new every day.



JAGAN PERSATH

**GROUP HEAD,
SECURITY**

Jagan joined AirAsia in May 2007 and is today Group Head of Security, responsible for every aspect of corporate security, ensuring all the airlines within AirAsia Group comply with the legal requirements of their host states. This is achieved through sound corporate policy and standardisation of security practices, timely advice, effective security performance and counter measures to deal with potential threats to the airlines or our contractors. Prior to joining AirAsia, Jagan was with Malaysia Airlines Aviation Security from 1978 till 2006, responsible for operations, enforcement, compliance and standards, investigations, prosecution, 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 licensed by the Department of Civil Aviation Malaysia to conduct AVSEC Courses. The Security Department has also passed all international and national security audits conducted on AirAsia. Jagan holds an LLB (Hons) from the UK and is a Barrister with Lincoln's Inn.

THAILAND SENIOR MANAGEMENT TEAM



Captain Tanapat Ngamplang

Executive Vice President

Preechaya Rasametanin

Executive Vice President



Pattra Boosarawongse

Chief Financial Officer

Captain Surapun Patoomwat

Head of Flight Operations

Banyat Hansakul

Head of Engineering

THAILAND SENIOR MANAGEMENT TEAM



Thiladee Pantumchinda

—
Head of People Department



M L Bovornovadep Devakula

—
Head of Business Development



Santisuk Klongchaiya

—
Head of Commercial and Ancillary



Suwit Srisarakam

—
Head of Ramp and Ground Service Equipment



Witchunee Kuntapeng

—
Head of Guest Service



Pipat Khunprakan

—
Head of Innovation, Commercial
and Technology



INDONESIA

SENIOR MANAGEMENT TEAM



Perbowoadi

—
Director of Engineering



Captain Rd Achmad Sadikin

—
Director of Safety and Security



Captain Ridzeki Tresno Wibowo

—
Director of Flight Operations



Andy Adrian Febryanto

—
Director of Commercial



PHILIPPINES

SENIOR MANAGEMENT TEAM



**Captain Dexter
Comendador**

Chief Operations Officer



Gerard F Penaflor

Head of Commercial



Jereme Toreja

Head of Engineering



**Captain Goner B
Monreal**

Director of Flight Operations



**Barbara S
Sanchez**

Head of People Department



**Captain Johansen
Hernandez**

Director of Safety



INDIA

SENIOR MANAGEMENT TEAM



Sumant Misra

Director of Flight Operations



Mukesh Nema

Head of Corporate and Flight Safety



**Kesavan
Sivanandam**

Head of Ground Operations



**Sudalaiya Pillai
Alagia Nambi**

Chief Security Officer



**Thotta Narasimhalu
Nagesh**

Quality Assurance Manager



Nirbhay Gupta

People Department Manager



Divya Kumar

Public Relations Manager



NAVIGATING PRICE UNCERTAINTIES TOGETHER

Mitsui Bussan Commodities Limited ("MBCL") is a global commodity price risk management and derivatives trading company. 100% owned by Mitsui & Co., Ltd which has an A+ long term rating from S&P.

Our extensive knowledge of the energy and base metals markets allows us to provide value-added assistance to help our customers design and execute strategies best suited for their specific business risk, including optimisation of forward pricing and seasonal trends.

We are a derivatives market maker in Crude oil, Refined Products, Natural Gas, Cracks, Petrochemical and Emissions.

With offices in Singapore, London and New York and working with Mitsui & Co., Ltd our parent company in Tokyo, our clients receive seamless service.



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www.mbcl.com

DISCOVER

LOVE & PASSION

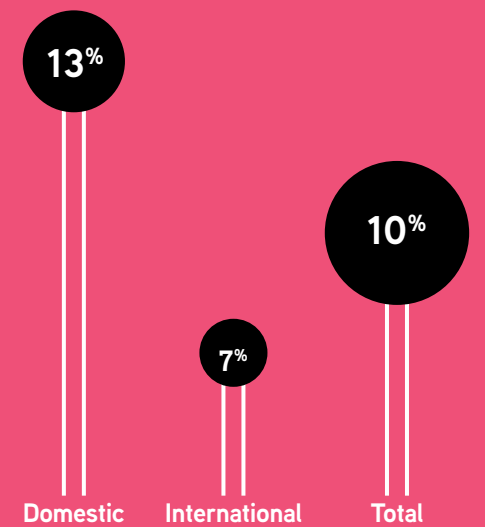


TOTAL FLEET

14

「A320」

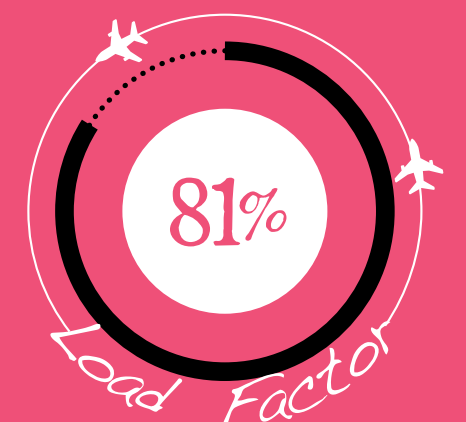
market share



number of

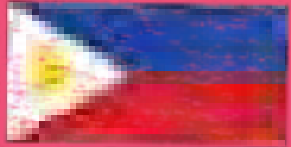
Allstars

1,190



NOTES:

1. AS AT 31 DECEMBER 2015; NUMBER OF PASSENGERS CARRIED, LOAD FACTOR, NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET
2. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, JANUARY 2015 TO DECEMBER 2015



Philippines AirAsia

NETWORK

Routes

18

Hubs

3

New Routes

3

in 2015

Destinations

15

Countries and
Territories

6

TOTAL GUESTS CARRIED

in 2015

3.6 million



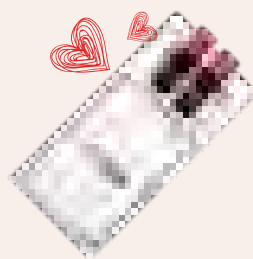
Shaun & Krzysal

Driven to Create Memorable Moments

Love was certainly in the air when Shaun Quah Wee Kiat and his partner Krzysal Bernadette Drabik met while training to be pilots at the Asian Aviation Centre of Excellence (AACE). They started dating after their first encounter and today, three years later, have sealed their relationship with a kiss. Or rather, with a lip balm, CiUM, that they created together to make kisses more memorable. When they first started dating, Krzysal was flying for Philippines AirAsia while Shaun was with AirAsia, and they got to meet only five days in a month. But with CiUM, now available in AirAsia Duty Free, their precious time together was made even more meaningful. Here, the couple shares some destinations they have enjoyed together, adding to their special moments...



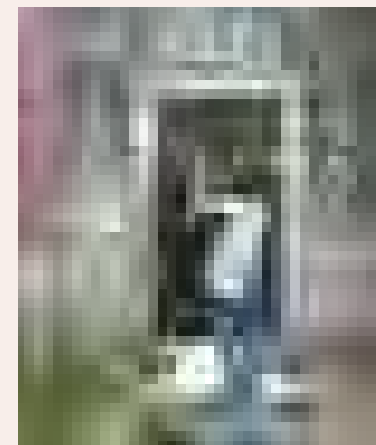
THE INSPIRATION BEHIND CiUM - BY SHAUN



"Long distance relationships can be really challenging. I met a young attractive lady three years ago who happened to be a pilot with Philippines AirAsia.

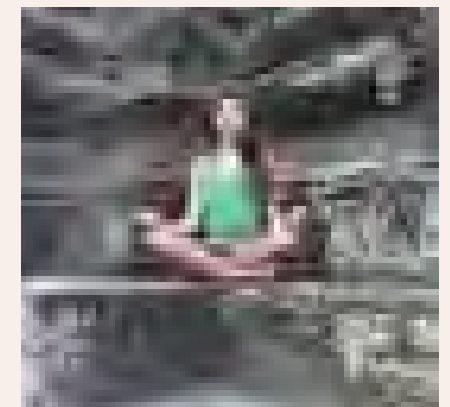
We only got to meet five days in a month, which got us thinking, how do we create special moments? I decided to create something special, something that would draw people closer, make them feel good about themselves and improve relationships.

I felt, why don't we enhance what is truly important to us? Imagine being able to make your kissing experience much more special and much more memorable. Imagine you have CiUM. So simple. Yet so incredible. One flavour for the ladies, one for the men. When it combines, you get a burst of flavour that will make the kissing experience more sensual and exciting. Lips used to get dry at 38,000ft in the air. Not anymore."



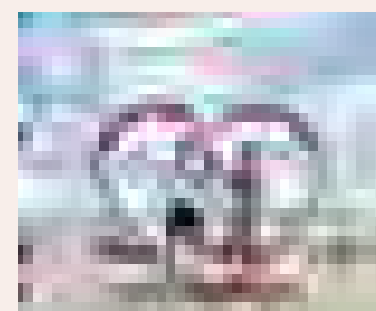
PENANG, MALAYSIA

We were walking in an alley when we stumbled across a beautiful temple. Krzysal decided to stop for a moment to capture something beautiful and what she didn't realise is that I was capturing something even more beautiful, which is her.



ANGKOR WAT, CAMBODIA

We arrived at 5am to see the sunrise over Angkor Wat. We had to walk inside through the dark, trusting each other, hand in hand. In life, you never know what lies ahead and you need a partner you can rely on to move forward.



LOMBOK, INDONESIA

Witnessing a magical wedding that took place on this beach, we decided to capture the moment. The groom was Indonesian and the woman a Caucasian. It just shows that no matter where you come from, you can always find your significant other.



CAMBODIA

This old lady was fishing as we passed by her while horse riding. We stopped to talk to her. She told us a beautiful story about her love for her husband. Her husband, who had recently passed away liked to fish at this pond. Now that he's gone, she feels his presence here.



GROWING TOGETHER

AVOLON

AVOLON

AVOLON

AVOLON

AVOLON

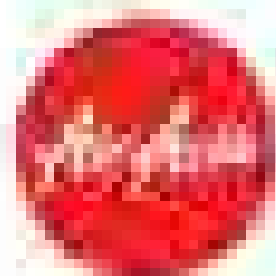
AVOLON

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BLOSSOMING IN HARMONY



EVOLVING into an integrated aviation fuel service provider

Indonesia Aviation industry has been growing rapidly, playing its key role to support Indonesia economic growth. Pertamina Aviation takes initiative to contribute more by transforming itself into an integrated aviation fuel service provider.

In line with the spirit of expanding refueling service locations in Indonesia as well as growing its global network, Pertamina Aviation offers non-fuel services varying from fuel knowledge training, Technical Service Assistance, fuel transport & handling, to flight support service.

More integrated, more support, hand in hand in harmony.

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Millionaire

FROM THE FUTURE AND INTO NEW FRONTIERS WITH AIRASIA

The world's largest low-cost carrier, AirAsia, is expanding its reach into new markets and offering a new way to travel.





CHAIRMAN'S

**Datuk
Kamarudin
Bin Meranun**

Non-Independent
Executive Chairman



**Assalamualaikum
Warahmatullahi
Wabarakatuh.**

Dear Friends

It's that time of the year again when I get to share with you my thoughts on AirAsia – what we've achieved, what we hoped to achieve and plan to, in the coming years. Every year, it becomes a little more difficult to write this statement, not for any other reason than that there is always so much more to say.

Although we have just finished our 14th year of operations, the fact that we manage to pack so much in 365 days continues to amaze me. And, yet, the reason is quite clear: our people.



Kamarudin

STATEMENT

EVERY YEAR, I HAVE MENTIONED HOW FANTASTIC OUR TEAM OF ALLSTARS IS. THAT'S BECAUSE, EVERY YEAR, THEY RENEW MY FAITH IN THEM, PROVING IN MORE WAYS HOW FORTUNATE WE ARE – THE FOUNDERS AND MANAGEMENT OF AIRASIA – TO HAVE BROUGHT TOGETHER SUCH A WONDERFUL GROUP OF PEOPLE.

There are many ways in which the theme of our annual report – Discover – can be applied to AirAsia and what we do. But the most important of these, I believe, is the discovery time and again of the immense talent and resilience we have before us, which in many ways reflect the talent and resilience of the region we serve – Asean and, now, increasingly Asia.

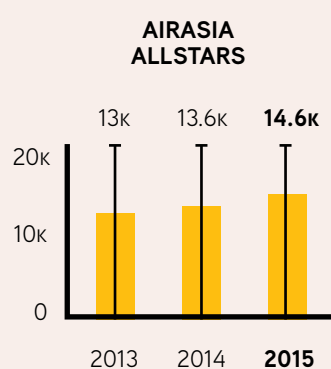
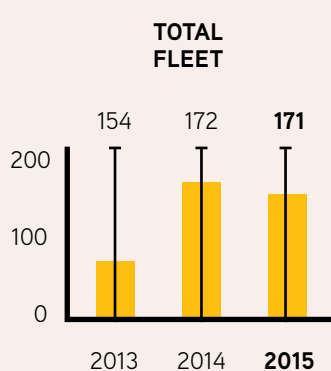
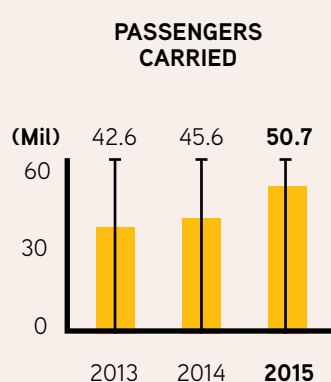
Following a year that has widely been accepted as being one of the worst for aviation in the region (I'm talking about 2014), we had our job cut out for us in 2015. The year 2015 itself had its fair share of challenges – what with the earthquake in Nepal, outbreak of MERS in Korea, volcanic eruption in Indonesia, Erawan shrine bombing in Bangkok, the haze, depreciation of the Ringgit and other local currencies, and certain regulatory restrictions... all compounded by ongoing overcapacity in air travel.

Yet, with the dedication, passion and sheer hard work of our more than 14,500 Allstars, Alhamdulillah, we managed once again to chart a very respectable year of growth for the Group both operationally and financially.

After the QZ 8501 tragedy in December 2014, we were amazed by the way in which our Allstars from across the Group came together – on their own accord – to lend a hand in whatever way they could, be it to provide emotional support to their colleagues, or to take on duties and provide some relief to their friends. This demonstration of selfless unity was truly something I had never experienced in all my working years, and inspired the management to leverage on the 'power of 1' that we so clearly have in the organisation.

While sticking with the lean business model that has guided us from day one, we focused on ways that we could create further cost efficiencies via greater integration of our operations across the Group. Standard operating procedures were streamlined; and we also started to share more resources, especially between us and AirAsia X, to optimise what we already have and eliminate any unnecessary redundancies.

AIRASIA GROUP



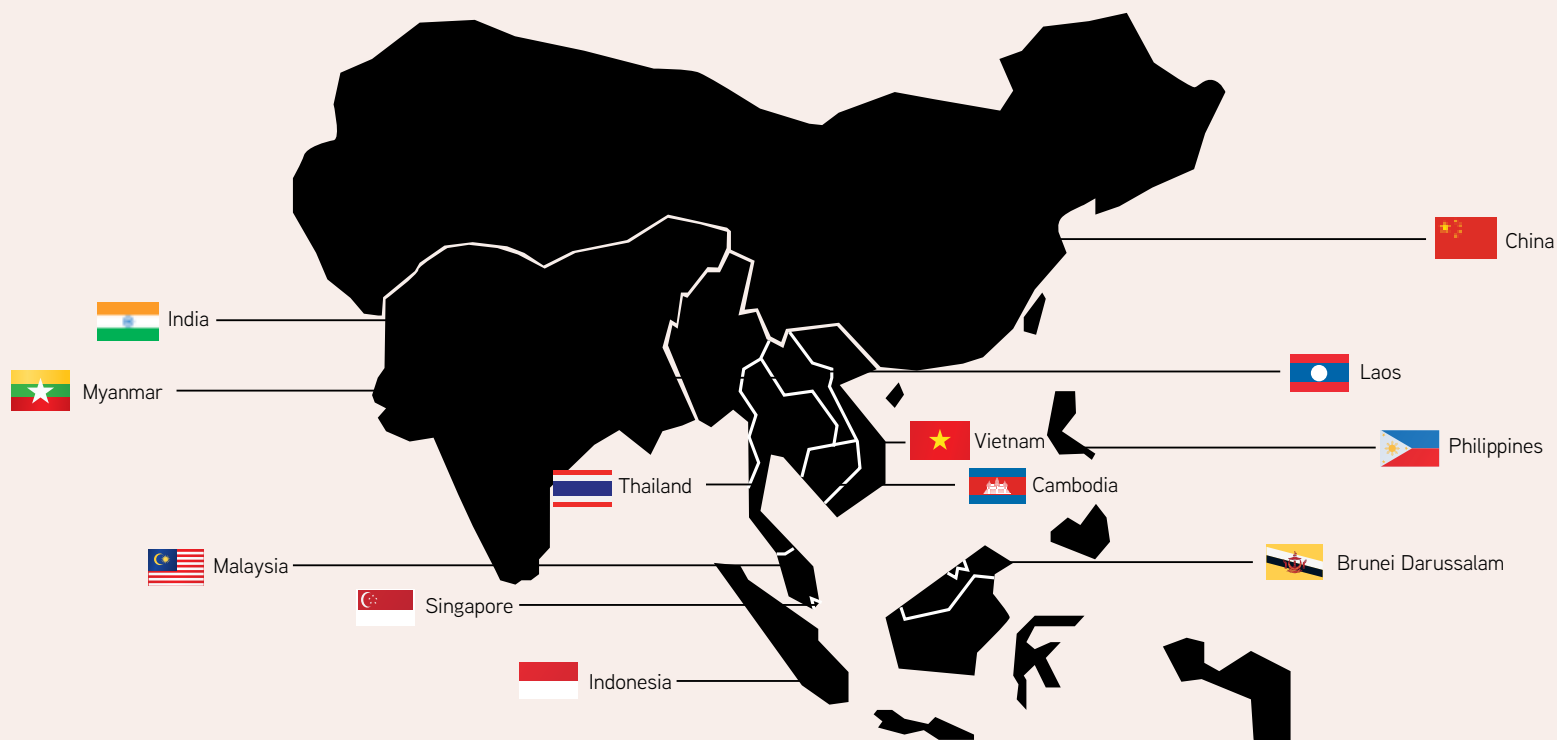
We strengthened this by looking at ways and means to innovate with technology, automating even more functions, which serves the dual purpose of releasing our Allstars to concentrate on more meaningful work while increasing guest convenience and ease of travel. Some Allstars were redeployed to areas that will help us build our revenue, such as ancillary services and parallel investments including the online travel agency business we have entered into with Expedia (AirAsia Expedia), our aviation training centre (the Asian Aviation Centre of Excellence), and the loyalty programme we run with Think Big Digital (AirAsia Big). Although ancillary revenue increased by only RM1 per guest from 2014 to 2015, many new initiatives – and a couple of new products – were just recently introduced and we expect to derive more substantial financial rewards from these efforts in 2016 and years to come.

FINANCIAL PERFORMANCE

I am pleased to share that, despite the tough operating environment, the Group performed well in 2015. The Malaysia operations in particular pulled in some extremely encouraging results, aided to a large extent by extenuating factors such as falling oil prices, recovery in outbound travel from China and capacity reduction in the regional industry from the second half of the year onwards. This led to particularly strong 4Q results, with a record quarterly profit after tax of RM554.20 million, which marked a 229% increase from 4Q 2014.

Our Thai operations also performed well, despite a slight dent in figures in the last quarter of the year following the explosion at the Erawan Shrine in Bangkok and severe haze in the south of the country. For the full year, its revenue improved 16% to THB 29,507 million, while net profit grew 494% to THB 2,014.4 million, compared to THB 335.0 million in 2014. Our other operating affiliate airlines, meanwhile, are making steady progress – with both Indonesia AirAsia and Philippines AirAsia gaining ground in their turnaround plans, and AirAsia India growing stronger by the day.

CHAIRMAN'S



WE ARE TODAY THE LARGEST LOW-COST CARRIER IN ASIA AND THE FOURTH LARGEST AIRLINE IN THE CONTINENT, SURPASSING ALL LEGACY AIRLINES OTHER THAN THREE THAT ARE BASED IN THE WORLD'S MOST POPULATED COUNTRY, CHINA.

Taking into account the results of all our operations, our Group revenue grew 16.2% from RM5.42 billion in 2014 to RM6.30 billion, while profit after tax surged by 553.7% from RM82.8 million to RM541.3 million. Based on our performance, the Board is pleased to recommend a dividend of 4 sen per ordinary share of RM0.10 for the financial year ended 31 December 2015.

KEY HIGHLIGHTS

Throughout our 14 years of existence, we have not wavered from our initial pledge to enable everyone to fly. Therefore, it was with incredible pleasure that we celebrated our 300 millionth guest in August 2015. From having flown about 250,000 guests a year when we first started out, now we are flying 50.7 million guests. This in itself is phenomenal growth, but our guest figures are set to increase even more with the contributions of AirAsia India and, very soon, operations based in Japan. Our presence in the Indian and Japan markets effectively takes us into the much wider Asian region, increasing our target population to some 4.4 billion people.

With a 7% increase in capacity during the year, the Group – encompassing the Malaysian operation as well as our regional affiliates, namely Thai AirAsia, Indonesia AirAsia, Philippines AirAsia and AirAsia India – is now flying a total of 221 routes connecting 112 destinations across 20 countries. We are today the largest low-cost carrier in Asia and the fourth

largest airline in the continent, surpassing all legacy airlines other than three that are based in the world's most populated country, China.

REGIONAL UPDATES

As reflected in its financial performance, it was a good year in general for Thai AirAsia, which remained profitable throughout, boosted by the increase in tourists from China. Although competition in the country is intensifying, our affiliate has acquired a strong following among China's travellers and routinely has full loads on flights both to and from its northern neighbour. Reflecting strong fundamentals, Thai AirAsia opened its fifth hub in Pattaya, adding to the existing hubs in Bangkok, Phuket, Chiang Mai and Krabi. This enables the airline to open up more routes along the eastern stretch of the country and its neighbours.

It was a tough year for Indonesia AirAsia, whose turnaround was affected by various regulatory requirements imposed on the industry, among which was the positive equity ruling. Having met that requirement our associate is now focusing once again more intently on rationalising its routes and cost reduction initiatives, which include disposing of a number of aircraft. Its route rationalisation coupled with aggressive marketing led to a return in demand for flights, enabling it to reach 80% loads by Q4 2015.

A key highlight for Philippines AirAsia during the year was receiving full approval to merge with AirAsia Zest in December. This will positively boost the airline's efforts to turnaround by enabling greater cost efficiencies in operations which will now fall under one AOC. Meanwhile, Philippines AirAsia is also forging ahead with a re-fleeting exercise to rid itself of 11 old aircraft inherited from Zest Air and to configure an all-A320 Airbus fleet, in keeping with the other airlines in AirAsia Group. It is also establishing a niche route network focusing on leisure destinations. Results of these efforts have been seen from Q3 2015 onwards, and in its full-year performance. Despite a 19% increase in capacity in 2015 as compared to 2014, its load factor grew 11 percentage points to 81%. This contributed to a 21% hike in revenue per available seat kilometre (RASK) at PHP2.01 and a 51% increase in total revenue at PHP2.29 billion.

The AirAsia brand is proving to weave its magic in India, too, with our affiliate tripling its capacity and more than quadrupling the number of guests carried, resulting in an increase in load factor to 81%. During the year, the airline opened its second hub in the capital city, New Delhi, from which it can serve more routes towards the north of the country, focusing on the more under-served Tier II cities. We feel very bullish about the potential of AirAsia India given the sheer number of people in the country – 1.3 billion and

STATEMENT

growing – as well as their strong links with Asean. Although currently hampered by a 5/20 ruling which requires a domestic airline to have been functional at least five years and to operate 20 aircraft before it can serve international routes, we are hopeful that this regulation will be repealed in the near future given the widespread benefits it would have on the entire travel and tourism industry.

A WORLD-CLASS BRAND

While growing regionally, it's also with great pleasure that we have seen AirAsia gain greater recognition in the global aviation space, both as a world-class airline and, as a result of our proven model and the positive impact we have on local communities, also as a thought leader.

Among the key accolades received in 2015 was being named, for the seventh year running, the World's Best Low-Cost Carrier by Skytrax. The pride we feel in winning this award, year after year, has not diminished because it is based on the votes of travellers. That we are the preferred LCC seven years running among millions of travellers worldwide is something that we truly cherish.

We didn't think it could get better than this... until end October, when we won for having Asia's Leading Cabin Crew at the World Travel Awards (Asia & Australasia) Gala 2015. This is an open award for all airlines, and in fact AirAsia was the first LCC to be nominated let alone win it! Once again, this is a reflection of the quality of our Allstars. Syabas to the team – it's simply beyond words to be given recognition for something we have always aspired to, namely to provide the best service while being affordable.

Going a step further, AirAsia's leaders are now being sought to share their views on the industry at international events such as the World Bank Group Tourism Forum and APEC CEO summit. This doesn't just reflect the quality of our people but the success of the LCC model that we have developed which has passed the test of 14 years which, quite honestly, in an industry as challenging and unpredictable as aviation, is the most stringent test there is. What it proves, I believe, is that we have struck on the right formula to make it work. Focusing on our own people and the people we serve, AirAsia has stamped its sustainability and is here to stay.

OUTLOOK

The financial outlook for the year 2016 in general is quite challenging for the regional airline industry. Although fuel prices are expected to remain low, serving as a positive boost in terms of reducing costs, ongoing macroeconomic headwinds are such that we remain cautious about currency volatilities.

To buffer ourselves against unpredictable regional currency movements, we intend to further reduce

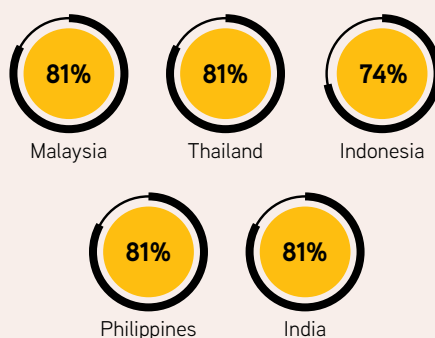


AMONG THE KEY ACCOLADES RECEIVED IN 2015 WAS BEING NAMED, FOR THE SEVENTH YEAR RUNNING, THE WORLD'S BEST LOW-COST CARRIER BY SKYTRAX.

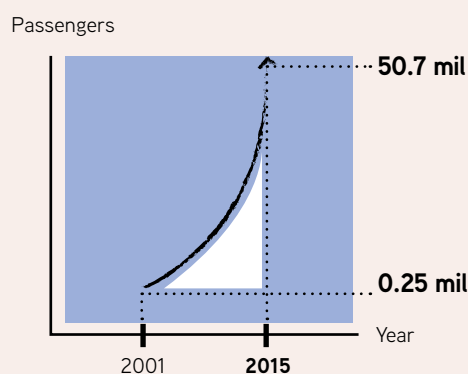
Given our performance, the Board of Directors is pleased to recommend a dividend of **4 sen per ordinary share of RM0.10** for the financial year ended 31 December 2015.

AIRASIA GROUP

LOAD FACTOR



PASSENGERS GROWTH



costs via greater adoption of the digital platform while building our ancillary base. We have many plans in the pipeline to increase our Seat Options, provide value packs and develop a more strategic baggage pricing which will enhance our ancillary revenue significantly. At the same time, we are pressing ahead with initiatives to streamline the operations of all associate companies, eliminating any duplication in functions and adopting best practices Group-wide. This includes developing a single customer service standard which will ensure that our guests, no matter which AirAsia airline they fly, will enjoy the same quality of service throughout the entire AirAsia journey, from the time they make a booking till they arrive at their destination.

We already have the most comprehensive network among all airlines in Asean. With the commencement of operations in Japan and India looking at deregulation, we will be able to consolidate a stronger presence in the wider Asian region, and enable even more people to fly.

We have a bright future ahead, not just for the airline but our people. I cannot express enough how much our Allstars mean to us. Let me however say that, as we grow, we would like to see our amazing Allstars grow with us. Much of our successes to date have been the result of enabling them to realise their dreams. This is something we will continue to do. Keep aspiring for more, and rest assured that we will do all we can to help you achieve your dream goals.

To my colleagues on the Board, the management of all companies within the Group, and our Allstars, my deepest and most sincere 'thank you'. In syaa Allah, together we can continue to grow this Group and take it to greater heights.

Wabillahi Taufiq Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.

CEO'S


**Aireen
Omar**

Chief Executive Officer
& Executive Director



Discovering new places is a given for any airline, and is something that AirAsia has proven to excel in as we link increasingly more underserved destinations with the rest of Asean and Asia. But while the discovery of unique routes has become a defining feature of the airline, there is a more meaningful way in which the theme of our annual report, Discover, resonates with AirAsia. It lies in our work culture, and the way in which we inspire our people to discover more about themselves – their hidden talents and inner strength that allow them to achieve so much more than they ever thought possible.



REPORT

THIS VERY POWERFUL SENSE OF DISCOVERY BRINGS OUT THE BEST IN OUR ALLSTARS AND, IN TURN, HELPS AIRASIA AS AN ORGANISATION TO KEEP GETTING BETTER AT WHAT WE DO, NAMELY TO FINE – TUNE OUR BUSINESS MODEL OF ENHANCING EFFICIENCIES AND KEEPING COSTS LOW TO ENABLE EVERYONE TO FLY.

As we have discovered and innovated new ways of doing things, we have grown from strength to strength, overcoming the many challenges that just go with the terrain. Most recently, it has allowed us to emerge from a tough environment of overcapacity and a depreciating Ringgit not just relatively unscathed but actually leaner and better prepared for the future.

Irrational capacity industry-wide meant low average fares, which impacted our earnings until the second half of 2015, when a major competitor buckled under the pressure and embarked on a massive route cutting programme. Our response – to this as well as the Ringgit's depreciation over the course of the year – has been to create greater efficiencies throughout the organisation, from our systems and processes, to our service and route network.

We terminated sectors that had less than stellar performance while introducing exciting new destinations. We also intensified efforts to automate our operations, for example with auto bag drop and home baggage tag services. We created greater synergies by merging our operations with that of our sister airline, AirAsia X; and increased the utilisation of each aircraft to an average of 12 hours 27 minutes flying time per day as opposed to 12 hours 16 minutes in 2014. With one aircraft less compared to year 2014, we actually grew our number of flights by 7% – both from new routes and by increasing the frequencies of popular ones – and saw a 10% increase in number of guests flown as well as a two percentage point increase in load factor from 79% in 2014 to 81%.

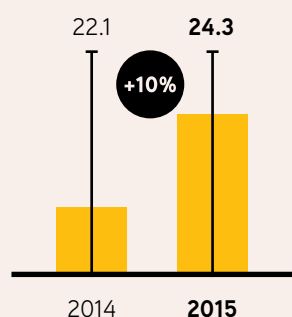
A real cause of celebration in the face of heightened guest numbers was welcoming on board our 300 millionth guest, Indonesian art director Jodie Lazuardi, who flew from Kuala Lumpur to Jakarta on 10 August.

Despite our cost cutting measures, we stayed true to our philosophy of giving our guests the best deal and, in a move that caused waves in the industry, removed our fuel surcharge as of 26 January 2015, which had

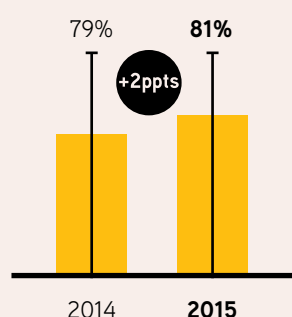
We made history by becoming the first low-cost carrier (LCC) to be awarded Asia's Leading Cabin Crew by World Travel Awards (Asia & Australia)

MALAYSIA AIRASIA

PASSENGERS CARRIED (million)



LOAD FACTOR



the effect of further lowering our average fare. This put some pressure on our financial performance... until the third quarter of the year, when the more rational industry-wide capacity, a rebound in Chinese travellers as well as the lure of our new destinations combined to greatly enhance our revenue and operating profit. The year ended on an extremely positive note, when we celebrated a record-breaking quarterly profit after tax of RM554.20 million, which was 229% higher than what we had achieved in Q4 2014.

Taking the year as a whole, I'm very pleased to share that, even with average fare reduced by 5%, we were able to increase our revenue per available seat kilometre (RASK) by 8% and trim our cost per available seat kilometre (CASK) by 4%. Although the low fuel price environment certainly helped in managing our CASK, our own conscious and concerted efforts to bring down costs – from an already low base, it must be said – also played a significant role.

In addition, with the Government's commitment and support given to enhance connectivity to and from Langkawi, we look forward to building Langkawi as a hub. We have launched our first international route from here to Guangzhou, China, with flights beginning in January 2016. We have always viewed this island as a strategic destination to grow our network and we hope that we can help transform Langkawi into a sought-after tourist destination.

Cost and operational efficiencies aside, the one discovery that made us truly proud during the year was to learn that international travellers share our belief that the AirAsia crew is simply the best in Asia. On 30 October, we made history by becoming the first low-cost carrier (LCC) to be awarded Asia's Leading Cabin Crew by World Travel Awards (Asia & Australasia). We have never seen our low-cost model as being a deterrent to maintaining the highest quality in every aspect of our operations – from ground functions to customer service, in-flight service and safety practices. This award validates that belief. More than anything, though, it reflects the quality of our amazing team of Allstars. To every single one of our 14,500 Allstars, this award is for you.

CEO'S REPORT

FINANCIAL PERFORMANCE

The 10% growth in number of guests flown during the year – to reach 24,254,506 – as well as increase in ancillary income per passenger from RM46 to RM47 enabled AirAsia Berhad to record a 16% increase in revenue from RM5.42 billion in 2014 to RM6.30 billion. Meanwhile, our stringent cost cutting measures as well as the low fuel price regime enhanced our profit margins, allowing us to achieve a 553.7% increase in profit after tax from RM82.8 million in 2014 to RM541.3 million. Our profit before tax (PBT), however, was impacted by the recognition of current and prior year losses of Indonesia AirAsia of RM797.7 million. Even so, we recorded a perfectly healthy PBT of RM215.2 million, as compared to RM22.7 million in 2014.

During the year, AirAsia Berhad subscribed to IDR2,058 billion nominal value perpetual capital securities in Indonesia AirAsia to ensure the airline met the regulator's equity ruling. With increased investment in Indonesia AirAsia, we have been required to recognise all its prior unrecognised losses amounting to RM797.7 million in our 2015 consolidated income statement.

Meanwhile, our cash flow and net gearing have also improved significantly. As at end December 2015, our USD denominated borrowings had reduced by 20% from USD3.18 billion at end 2014 to USD2.54 billion. This was aided by a substantial sale and leaseback exercise carried out on 16 older aircraft during the year. The exercise, as well as the increased cash from operations enabled us to improve our cash position by 81% year-on-year to RM2.43 billion, while reducing our net gearing ratio to 2.29 times, from 2.50 times as at end 2014.

NEW ROUTES & OTHER EXPANSION

During the year, we launched a total of 14 new routes – three to China, two each to India and Thailand, and one each to Indonesia, the Philippines, Taiwan, Vietnam, Bangladesh, Sri Lanka and the Maldives. Of these, 10 were unique, i.e. routes that were not connected before, namely Kuala Lumpur to Chongqing and Changsha in China; Kuala Lumpur to Kaohsiung (Taiwan), Goa (India), Pattaya (Thailand), Pontianak (Indonesia) and the Maldives; Johor Bahru to Bangkok (Thailand); Penang to Ho Chi Minh City (Vietnam); and Langkawi to Guangzhou (China).

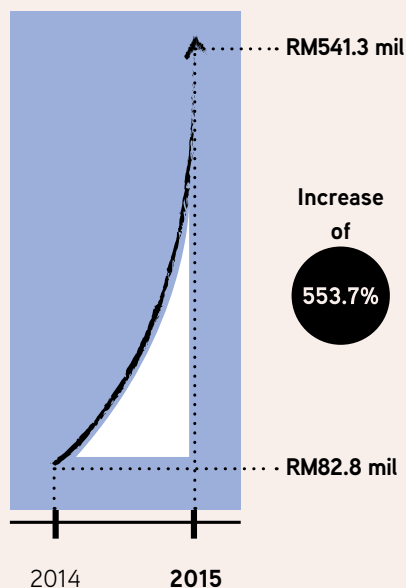
At the same time, we increased the frequencies of 16 different routes, both domestic as well as within the region. Among these was one unique route, between Johor Bahru and Ho Chi Minh City, which was increased from four times a week to daily.

Most of our new routes, as well as increased frequencies strengthen our connectivity within Asean, further entrenching AirAsia as the Asean airline, providing more links to the people of the region than any other carrier, legacy or otherwise. We are also creating more links with our North and South Asian neighbours, boosting tourism from these markets into Asean while affording the people of Asean the ability to experience a wider range of destinations that are far enough from home to

AirAsia Berhad recorded a

16% increase in
revenue from
RM5.42 billion in 2014 to
RM6.30 billion in 2015.

PROFIT AFTER TAX



be exotic yet close enough for there to be historical and cultural links creating more meaningful discoveries.

Having set up Langkawi, we will be looking to establishing more new routes from the island to the rest of Asean and, eventually, into the broader region with a focus on two of our key Asian markets, namely China and India.

BUILDING ASEAN CONNECTIVITY

At the end of 2015, the ASEAN Economic Community (AEC) officially came into being, marking a turning point in the region's history. This is significant for AirAsia as AEC unites our region's 10 member states into a single, competitive economic zone with a combined GDP of over USD2.6 trillion, making it the seventh largest in the world and the third largest in Asia. Given that we have always seen ourselves as an Asean airline, with a fixed vision of greater intra-Asean connectivity, we are very excited by the AEC.

We look forward to the full implementation of the ASEAN Single Aviation Market (ASAM) in the community. Among the biggest components of ASAM are an Open Skies Policy that supports unrestricted air connectivity within the region, and the harmonisation of aviation standards. We believe these would be highly beneficial

to the people of Asean as they would bring down the cost of travel while elevating safety and enhancing trade as well as economic development.

Under our own steam, AirAsia is doing much to uplift this region we call home. We have Allstars from all 10 Asean member states; we provide unrivalled connectivity via 221 routes to 112 destinations and 3,426 one-way flights per week between Asean destinations including China and India. More than this, we have been promoting social entrepreneurship in the region via AirAsia Foundation. Last year, our efforts were enhanced by organising a full-day conference and marketplace to create greater visibility of social entrepreneurs in the region among the public, and at the same time establish a dialogue between successful businesses and this group on how we can all work together to make economic systems more equitable, sustainable and inclusive.

The event on 7 November 2015, called 'Destination: GOOD – ASEAN Social Enterprise in Kuala Lumpur', attracted the participation of over 30 social enterprises from across ASEAN, and drew the attendance of over 500 visitors. Organised in partnership with ThinkCity and MaGIC Social Entrepreneurship, the event formed the basis for the development of new social enterprise commercial platforms in 2016.

ENHANCED GUEST OFFERINGS

As part of efforts to enable guests to discover the joys of travelling, we seek continuously to enhance their travel experience with us. Towards this end, in 2015, we extended existing services while launching a number of new facilities that make it easier for guests to book flights on AirAsia and complete their travel plans, while providing additional privileges to targeted groups.

We have expanded the auto bag drop that we introduced in Johor Bahru last year to four more airports – Langkawi, Kota Kinabalu, Kuching and klia2. The aim is to make this service available to guests throughout Malaysia in the near future.

We are also growing the Fly-Thru service by introducing more city pairings as well as increasing the number of hubs that offer this service, which is proving to be very popular. The number of guests opting for Fly-Thru has increased in almost all our hubs, including Bangkok, Jakarta, Bali and, as of 2015, Manila. Kuala Lumpur still sees the largest number of connections and we plan to further grow this number given the capacity of klia2 to handle a high number of transit passengers.

We signed an agreement with UnionPay International to allow guests from China to book flights on airasia.com using their UnionPay cards. To support this partnership, TPAAY Asia is issuing a multi-currency prepaid card in collaboration with UnionPay, while our BIG Loyalty Programme will recognise points collected on the card.

Building on the AirAsia Waran Perjalanan Udara Awam (WPUA) which we launched for government officers

CEO'S REPORT

in 2007, we signed on 20 local public universities to the programme, enabling more than 650,000 staff members and students to benefit from the privileges offered by WPUA.

ANCILLARY

Ancillary services remain an important additional source of revenue for us, serving as a buffer against uncertainties in the industry such as fuel price and currency exchange movements. Given its importance, we have dedicated teams whose sole responsibility is to develop attractive ancillary offerings and ensure good take-up rates. As a result of their efforts, revenue from ancillary services has been rising steadily over the years and, in 2015, increased by 11.2% year-on-year to RM1.14 billion, representing 18% of AirAsia Berhad's total revenue.

Check-in baggage continued to be the largest contributor to ancillary revenue, its contribution last year enhanced by a more strategic pricing mechanism which allowed us to see 9% growth in revenue from Baggage Supersize from RM431 million in 2014 to RM469 million. This was followed by the connecting fee for Fly-Thru which improved by 28% from RM36 million to RM47 million.

We also derived significant increases in revenue from third-party ancillary services such as insurance and advertising, which grew 39% and 187% respectively to RM79.7 million and RM4.8 million.

Meanwhile a number of new services were added to our portfolio, including an Empty Seat option, enabling guests to purchase one or two seats in a row for a fee; the AirAsia Electronic Gift Voucher (eGV); and island transfer for guests travelling from Kuala Lumpur to Koh Samui and Koh Phangan in Thailand. This takes away the hassle of guests having to deal with separate travel agents to get to their beach destinations.

Ramping up our digital offerings, we have extended our on-board WiFi package with the roKKI Combo Plan which now enables guests to send emails, tweets and to chat on more social media platforms. We also added new features to our mobile app that automatically link flights to the calendar, for example, and enable guests to include various add-ons to their bookings easily.

ASSOCIATED REVENUE

In addition to our ancillary income, we derive supplementary revenue from joint ventures formed with third parties capitalising on our resources. To date, we have a number of adjacency businesses and the three main ones are AirAsia Expedia, formed in partnership with the world's leading online travel agency (OTA), Expedia; Think BIG Digital, which manages our loyalty programme, AirAsia BIG, co-owned by the Tune Group; and the Asian Aviation Centre of Excellence (AACE), our aviation training grounds run in partnership with leading Canada-based aviation simulation training provider, CAE Inc.



AirAsia Expedia, established in 2011, has been growing in strength over the years with an increasing number of sites and added functionalities. In 2015, it rolled out its full range of services in Taiwan; added more products to its portfolio (with a focus on ground excursions and activities); and launched an innovative function, the Scratchpad, which allows guests to 'make notes' of their online travel research, and return to these on subsequent visits to the site. Expedia also introduced a loyalty programme, Expedia+, on all its branded sites to reward guests who make bookings with various special privileges on flights, hotels, tours and packages.

AirAsia BIG is to date one of the few loyalty programmes offered by LCCs, offering real value to members – with priority access to AirAsia sales, the ability to redeem flights to more than 100 destinations for as low as 500 BIG Points without any blackout period and, most recently, receiving a 'final call' every month to redeem their points with special offers of up to 85% discount. The team at AirAsia BIG has also been working hard to increase the network of retail, finance and travel partners involved in the scheme to make it easier for members to collect more points. As a result of their efforts, membership to the programme has been increasing steadily along with gross billings.

AACE does not cater only to our Allstars, but offers pilot training and other programmes to third parties too. Given the increasing demand for pilots in the region, it has a ready market of trainees. In 2015, it saw a 26.2% increase in number of pilots trained, contributing to a 34% increase in revenue. The training academy in Sepang is the largest of its kind in Southeast Asia, and is supported by a branch in Seletar, Singapore as well as the Philippine Academy for Aviation Training (PAAT) at the Clark Special Economic Zone, in which AACE has equity.

In September 2014, we set up an aircraft leasing house in Labuan, the Asia Aviation Capital Limited (AACL), to manage all leasing activity conducted with our associate airlines. By February 2015, we had appointed a full management team covering Structured Finance and Capital Markets, Business Development, Legal, Finance

and Technical functions. The team has worked hard to ensure that, in the 16 months of operations until December 2015, AACL has acquired 41 aircraft in its portfolio, including 29 that are on lease management. These serve seven airline clients that include Pakistan International Airlines. AACL ended the financial year with total assets of USD336 million and gross revenue of USD75 million.

ENGAGING IN MEANINGFUL PROGRAMMES

Before ending this report, I would like to add another aspect of discovery at AirAsia that has brought a lot of meaning to many of us, namely discovering ways in which we can touch lives over and above enabling people to fly. A genuine desire to give back to the people living around us has seen AirAsia become more involved in local communities over the years. Two campaigns in 2015 illustrate this perfectly: #AirAsiaMAKNA and #GREEN24.

The aim of #AirAsiaMAKNA was to raise funds for MAKNA, the National Cancer Council Malaysia, while also creating awareness of cancer, the benefits of early detection, and the possibility of fighting the disease. We also wanted people to know that there is help out there for patients who need financial aid to treat cancer, and that MAKNA provides emotional support in addition to funds, not just for the patients but their families.

This campaign truly brought many Allstars together. Because of the prevalence of cancer, almost everyone in AirAsia knows someone – either a relative or friend – who has battled with, or is currently battling, the disease. Some of our colleagues have even had cancer themselves. Doing something positive to help therefore carried real meaning. The project was, in fact, initiated by our Allstars and organised entirely by them. Even the T-shirts we sold to raise funds were designed in-house. The team that led this project had targeted to raise RM100,000. Instead, we collected a total of RM197,945.64, which is being used to care for about 100 cancer patients.

CEO'S REPORT



As its name implies, #GREEN24 was environment related. Through this project, we hoped to create greater awareness among our local communities of the urgency to act to halt or reverse climate change. What was most powerful about this campaign was the fact that we were able to use our extensive network to get not only our Allstars across the region to do their bit for the environment but also to rope in the public to get into the act. Over a 24-hour period from 6pm on 29 January till 6pm on 30 January, numerous activities – such as recycling, car-pooling, a reef clean-up and tree-planting – were carried out in Malaysia, Thailand, Indonesia, the Philippines, India, Singapore, China, Macau, Hong Kong, Japan, Korea, Vietnam, Myanmar, Cambodia, Nepal and Sri Lanka to create a greener, healthier environment.

This is just a start; we are continuing with efforts to make everyone aware we all have the ability to make a difference by doing whatever we can, no matter how small, to reduce our impact on the environment. Very recently, we started collecting recyclables on all AirAsia flights; and we are already planning another impactful #GREEN24 programme for 2016. All this builds on fuel-efficient efforts that we began from as early as 2010. Working with GE, we have been cutting down on our fuel consumption via initiatives such as one engine taxiing, which allows us to save about 6kg (or 8 litres) of fuel per minute; and Required Navigation Performance (RNP), which entails taking the shortest route to land into an airport, through which we are currently saving about 182 litres of fuel and 575kg of CO₂ per flight.

As with projects run by AirAsia Foundation, our idea with corporate social responsibility (CSR) is to create meaningful and long-term impact. Events such as these define what we are as a company, and what we stand for. They demonstrate that we are not just about making profits, but about using the connectivity and relationships we have to bring real change and create better lives.

OUTLOOK

Following the pick-up in travel demand towards the second half of 2015, and more rational capacity, we are confident of the general outlook for the year 2016. This is supported by the continuing drop in fuel price. The Group as a whole has hedged 76% of our fuel needs at USD54 per barrel, as opposed to 50% at USD88 per barrel in 2015, which is set to save us a total of RM1.8 billion. Volatility of the Ringgit's exchange rate against the USD remains a concern, however, we have hedged a substantial amount of our USD loans, with 36% of aircraft loans hedged at a USD:RM exchange rate of 3.2348 and another 35% are naturally hedged as the aircraft are leased to our associates which will be paying for them in USD.

Operationally, we plan to strengthen our six hubs and continue to grow our network with more attractive routes while adding frequencies on sectors that are popular. A key focus will be to strengthen our secondary hubs, namely Johor Bahru, Kota Kinabalu, Langkawi and Penang. We have an edge over others in connecting these hubs with regional destinations because of our huge network that we just have to tap into. With Fly-Thru, moreover, we are in a better position than ever to link more routes together, further enhancing our growth potential. We are fortunate in that klia2 has the capacity to cater for more transit passengers, and we plan to leverage on this to help us become the carrier of choice within Asia-Pacific.

While increasing our fleet size by just one aircraft, we will work towards further improving our aircraft utilisation as we develop more domestic and regional routes. Domestically, we aim to strengthen air connectivity between Peninsular and East Malaysia; regionally, we seek to entrench our No. 1 position within Asean, as well as grow our presence in India and China.

In terms of cost reduction, we are in the midst of negotiations with various airport authorities to lower our airport and other related fees. At the same time, we are looking at more ways in which we can automate our own internal processes as well as guest processes, for example by extending the auto bag drop service in all Malaysian hubs, and by setting up more kiosks and facilities for the e-Boarding Pass.

Finally, we are enhancing our online payment channel to add to our guests' convenience. This would help achieve another aim, namely to increase longer-term forward bookings.

In other words, we have our goals set for 2016 and, as the year has already unfolded, are making progress in each focus area. AirAsia has been through some tough times but has emerged even stronger and with a more clearly defined idea of how we want to achieve our next phase of growth. We will, of course, need the full support of our Allstars to get there, but from experience we have absolutely no doubt on this score.

I would like personally to thank our simply fantastic team of Allstars for their unwavering passion and dedication to AirAsia, which has seen us through yet another difficult phase. On the same note, I would like to express deep gratitude to my mentors – Tan Sri (Dr.) Tony Fernandes and Datuk Kamarudin Meranun – for their invaluable help in guiding the airline through thick and thin. It's not always been smooth sailing, but in the process of overcoming all manner of hurdles we have re-discovered our inherent strengths as a team, and face the future with a renewed sense of confidence and vigour.



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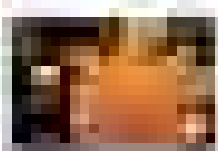
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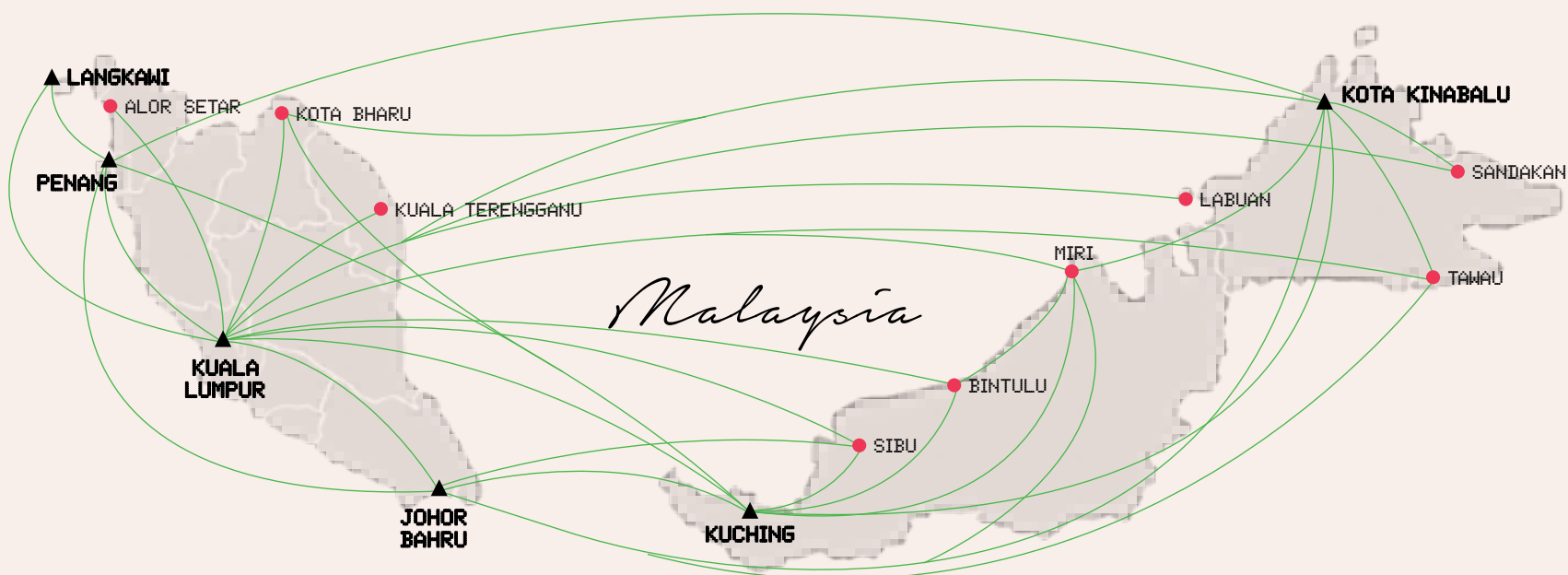
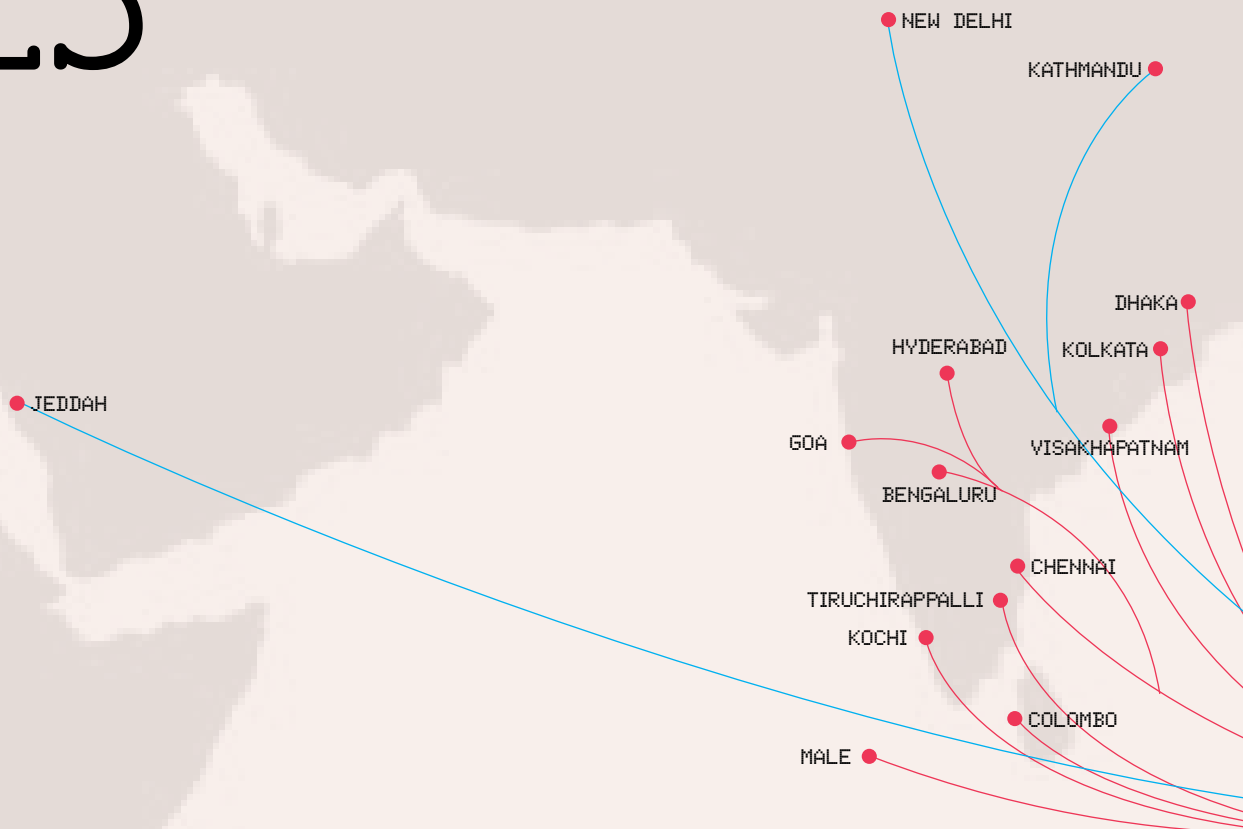
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AIRASIA ROUTES

updated as at 1 April 2016





Pacific Ocean

MALAYSIA AIRASIA + AIRASIA X

Hubs In Malaysia

- ▲ Kuala Lumpur International Airport
- ▲ Kota Kinabalu International Airport
- ▲ Penang International Airport
- ▲ Johor Bahru International Airport
- ▲ Kuching International Airport
- ▲ Langkawi International Airport

International Route ————

Domestic Route ————

AirAsia X Route ————

Southern Ocean

**Focus on
Quality services**



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Semarang (62-24) 8315133, Makassar (62-411) 3614003, Solo (62-271) 732283, Medan (62-61) 4536806, Surabaya (62-31) 5318579

Balikpapan (62-542) 7571870, Cirebon (62-231) 246255, Yogyakarta (62-274) 871195, Tangerang (62-21) 53160798

DISCOVER

INTERESTING DESTINATIONS

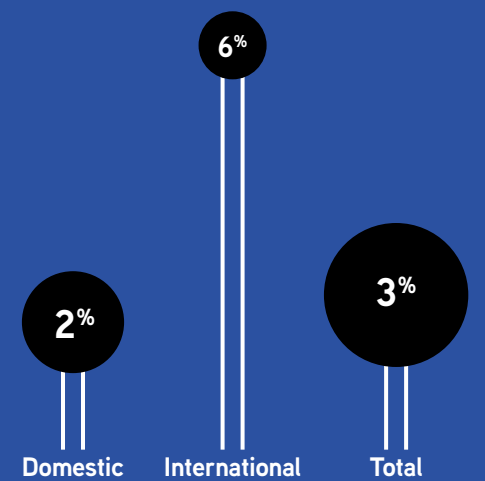


TOTAL FLEET

6

「A320」

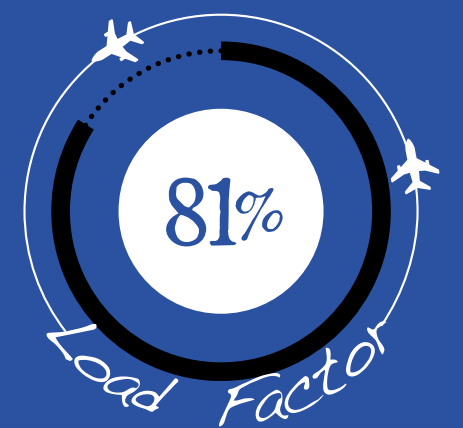
market share



number of

Allstars

683



NOTES:

1. AS AT 31 DECEMBER 2015: NUMBER OF PASSENGERS CARRIED, LOAD FACTOR, NUMBER OF ALLSTARS, NETWORK, TOTAL FLEET
2. SOURCE OF MARKET SHARE: PAXIS, BASED ON NUMBER OF PASSENGERS, JANUARY 2015 TO DECEMBER 2015



AirAsia
India

NETWORK

Routes

13

Hubs

2

Destinations

11

Countries and
Territories

1

New Routes

6

in 2015

TOTAL GUESTS
CARRIED

in 2015

1.5
million



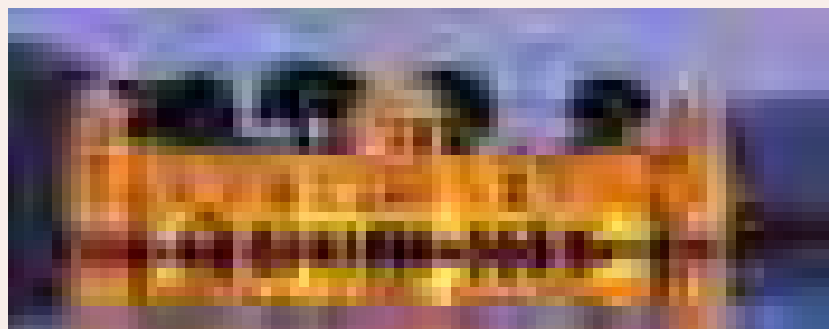
IMPHAL, MANIPUR, INDIA

Time seems to have stood still in Imphal, the capital of the state of Manipur in north-eastern India which lies in a valley surrounded by blue-green hills. But most interesting here are the people, the ethnic Meitei (or Meitei) who, because of the proximity with China, look Chinese and speak a Sino-Tibetan (officially Tibeto-Burman) language.



RAILWAY TRACKS, HANOI, VIETNAM

Vietnam's capital is known for its centuries-old architecture and a charming yet chaotic Old Quarter. But it also has another unique attraction – a railway line that winds through narrow passages cutting across residential and commercial areas, used by trains that pass just inches away from buildings on either side.

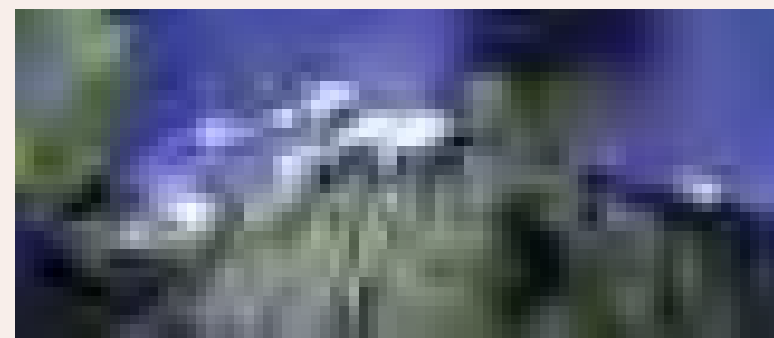


JAI MAHAL, JAIPUR, INDIA

Jaipur, the capital of Rajasthan, is also known as the Pink City. Slightly less known is the fact that the stately Jai Mahal (or Water Palace) that sits in the middle of Man Sagar Lake in the city has four secret floors hidden underwater!

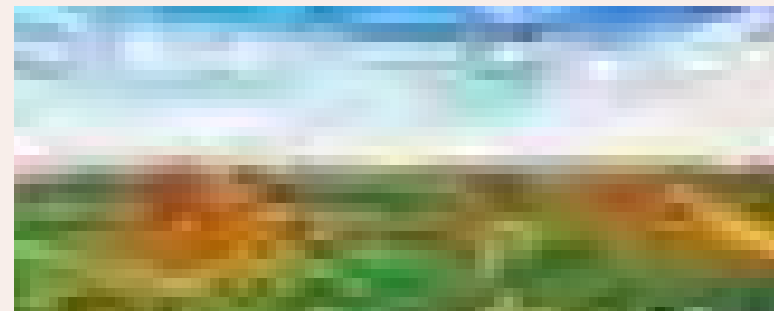
The Wondrous World of Asia Beckons

Within Asia are hundreds of little-known gems – either man-made or natural – which add to the lure of this region. Here are just a sprinkling of wondrous destinations that you can explore and experience with AirAsia.



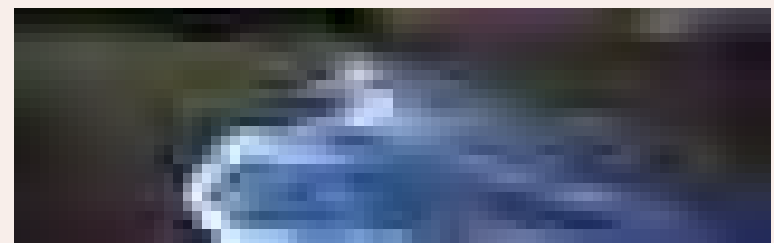
IJEN CRATER, BANYUWANGI, INDONESIA (via Bali)

In the heart of the Ijen Crater is a sky-blue lake which looks inviting but is actually very acidic, containing a high sulphur content. Some of this sulphur escapes as gas from cracks in the volcano, igniting in blue flames that create a mystical feel.



CHOCOLATE HILLS, BOHOL, THE PHILIPPINES (via Cebu)

The unusual uniformly-shaped chocolate hills in the middle of Bohol create an extraordinary landscape unique to the small island. Though normally covered with grass, at the end of the dry season, they turn brown hence the name. It is thought there are about 1,268 such hills in the area.



GLOWING PLANKTON, VAADHOO ISLAND, MALDIVES

Situated in the Raa Atoll, Vaadhoo Island, measuring 1,450 metres in length and 400 metres in width, is notable for its marine bioluminescence generated by phytoplankton. Every day, after sunset, the glowing plankton transforms the island into a magical paradise.



For more information on this project, visit www.vineproject.com.

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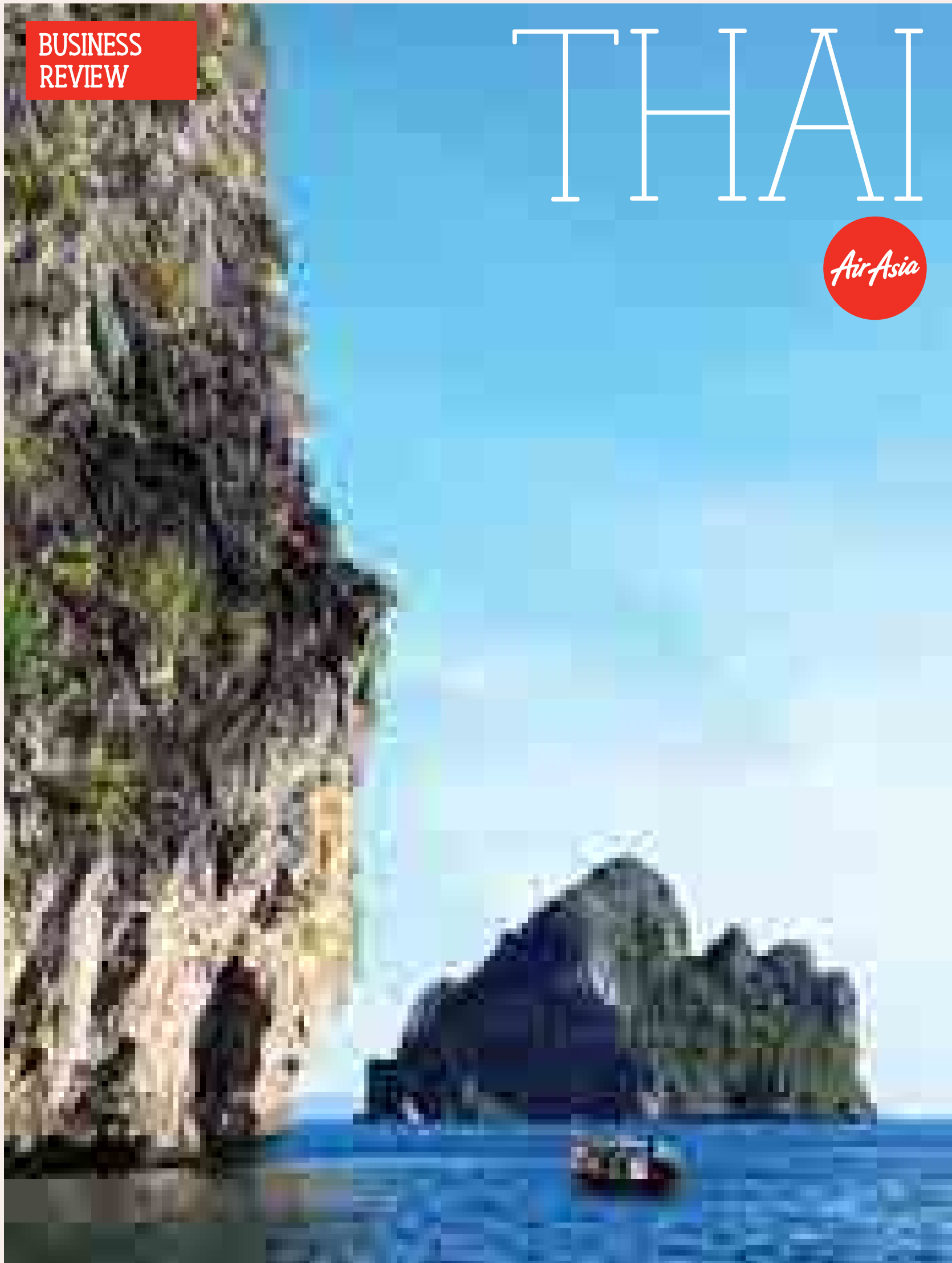
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BUSINESS
REVIEW

THAI



THAI AIRASIA + THAI AIRASIA X

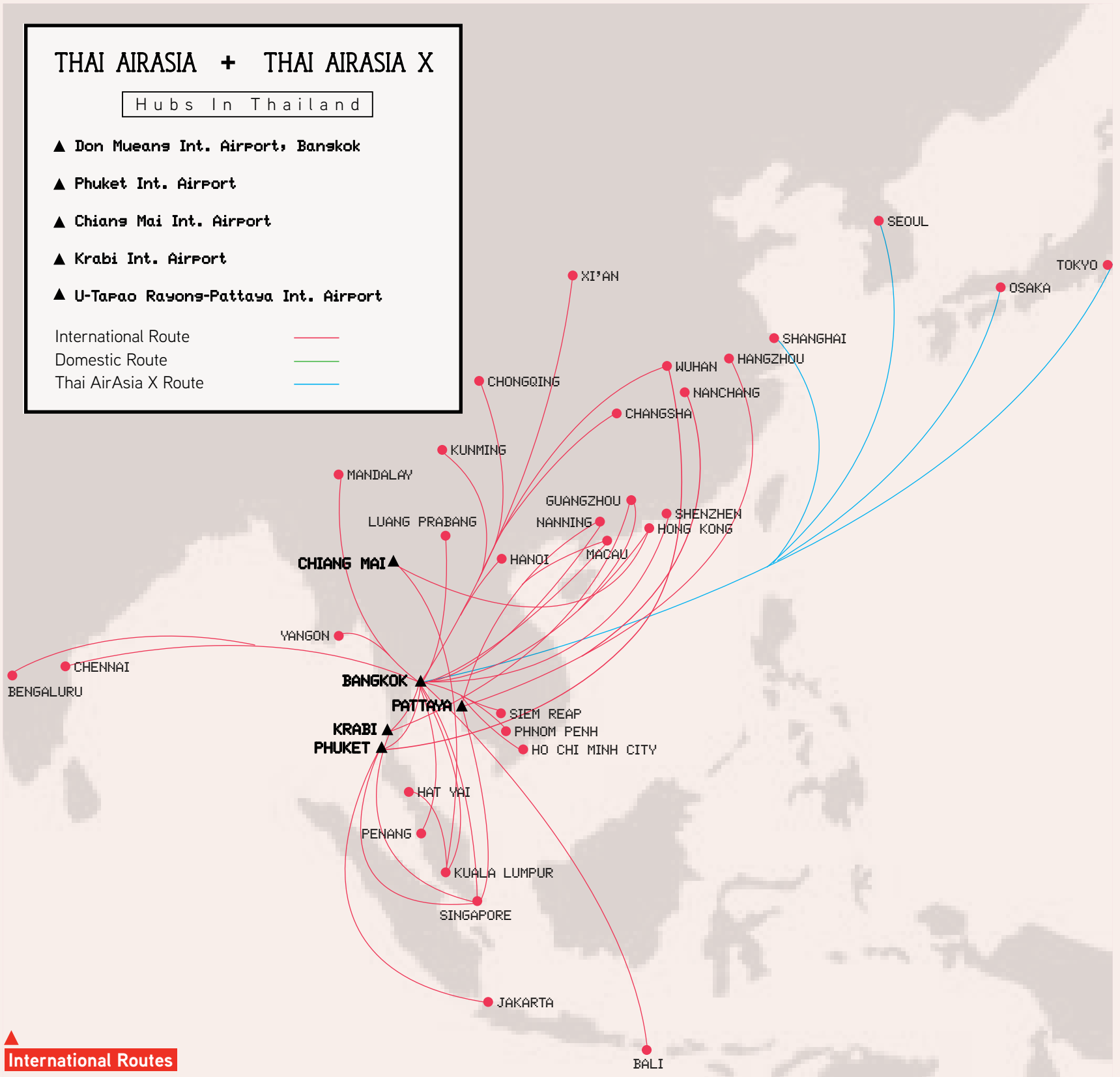
Hubs In Thailand

- ▲ Don Mueang Int. Airport, Bangkok
- ▲ Phuket Int. Airport
- ▲ Chiang Mai Int. Airport
- ▲ Krabi Int. Airport
- ▲ U-Tapao Rayong-Pattaya Int. Airport

International Route ———

Domestic Route ———

Thai AirAsia X Route ———



International Routes

Domestic Routes

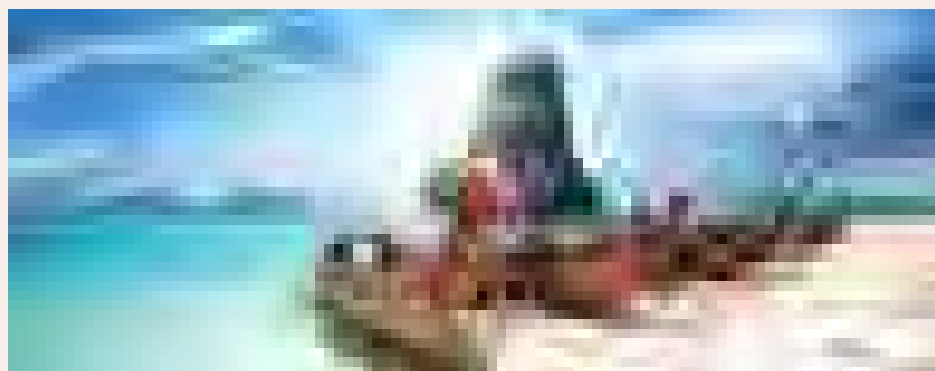


Rediscovering the Silk Route

SINCE TIME IMMEMORIAL, CHINA AND THE PEOPLE OF WHAT IS NOW ASEAN HAVE ENJOYED CLOSE TRADE LINKS FORMING PART OF THE SILK ROUTE. THOSE DAYS OF BARTER TRADE THAT TOOK WEEKS OF OVERLAND OR SEA JOURNEY HAVE GONE. BUT IN THE PLACE OF SILK AND SPICES CARRIED ACROSS THOUSANDS OF KILOMETRES BY CAMELS AND CARAVANS, WE NOW HAVE A MORE CONVENIENT JOURNEY OPEN TO ALL, NOT JUST TRADERS.



Today, we are seeing a resurgence in 'travel trade' between Asia's dominant economy and its Southeast Asian neighbours, by air. And Thai AirAsia is playing a significant role in this renaissance, connecting large numbers of holiday-makers from China to the region via its hubs in Thailand.



Krabi, Thailand

Thai AirAsia was named the 'Best of Airline' by some 5.56 million users of China's Weibo, which is akin to a hybrid of Facebook and Twitter. These social netizens gave their vote of confidence to our affiliate in the Best of Thailand Awards as Voted by Chinese Tourists, the first survey of its kind organised by the Tourism Authority of Thailand (TAT) in June 2015.

The recognition is significant given the increasing number of Chinese who are travelling the world. Just in 2015, there

were 120 million outbound tourists from China with bigger wallets to spend than their predecessors, many headed to Thailand – their No.2 most favourite destination. During the year, Chinese tourists made up more than a quarter of total visitor arrivals in the country, their number increasing by a staggering 71% from 2014. And our affiliate managed to capture a good portion of this influx, with nationals from China representing 24% of total guests carried on both domestic and international routes, marking a 45.5% increase from the number in 2014.

Given the importance of the China connection, Thai AirAsia has been increasing its capacity to this market by establishing more routes linking not only its capital but also popular tourist destinations with cities in its northern neighbour. During the year, of a total of 12 routes launched, three were to China from its new base, Pattaya. These contributed to a grand total of 17 routes to China as at end 2015.

Pattaya has been set up as Thai AirAsia's fifth hub – after Bangkok, Phuket, Chiang Mai and Krabi – to provide greater connectivity to the entire stretch of destinations located on the eastern reaches of the country. Our affiliate was fortunate to be able to convert U-Tapao Airport from an old military and security base for its purpose. This required a significant physical revamp which was accompanied by a PR campaign involving the media and local residents to create hype over their new commercial airport.



Floating Market, Hat Yai, Thailand

Along with U-Tapao Airport's official opening as a commercial travel hub, our affiliate also launched seven routes from this base. Other than the three to China – Nanning, Nanchang and Macau – the new routes were to Singapore, Udon Thani, Chiang Mai and Hat Yai, all of which have been well received. The sky bridges from Pattaya to Nanning, Nanchang, Udon Thani and Hat Yai represent unique routes, providing links to local communities and tourists that have never existed before.

In addition, Thai AirAsia introduced five new routes from Bangkok (Don Mueang) to Nan, Loei, Roi Et and Buri Ram in Thailand; as well as to Bengaluru, deepening its connectivity with the Indian sub-continent. These provide international tourists with greater access to lesser-known but equally stunning tourist destinations. Loei, in the mountainous region of the country's north-east, for example has been said to hold the greatest tourism potential of all of Isan. Meanwhile, frequencies to dominant destinations in the domestic and Indochina regions were increased, comprising Bangkok–Nakhon Phanom; Bangkok–Phuket and Bangkok–Phnom Penh.

Although China is a key market for Thai AirAsia, it also has very popular routes to Indochina, Indonesia and India, which are valuable to the airline and which it intends to further strengthen.

While expanding its route network, Thai AirAsia kept up its operational efficiencies to maintain an edge in an increasingly competitive aviation environment. Over the years, it has built a strong reputation for 'Truly Low Fares, Trusted Quality' built on an impeccable on-time record and safety standards. The year 2015 was no exception, with a high on-time performance of 87%.

Meanwhile, various marketing efforts were undertaken to create awareness of its services and encourage Thais to indulge in their wanderlust. An entertaining video clip on its Web check-in facility, featuring an interactive check-in machine that got guests to smile, dance and answer some tongue-in-cheek questions, was so popular it went viral and even won a Thailand YouTube Ads Leaderboard award for 2015. Our affiliate's Weekday Travel promotion was also successful by playing up the comfort and convenience of travelling on weekdays, and offering attractive fares for guests who decided to do so.

To further enhance sales, Thai AirAsia extended its offline sales distribution network by opening a new travel and service centre at the Gimyong market in central Hat Yai, which attracts large numbers of both locals and tourists. The offline market continues to be important in a country where internet penetration is still not very high.

These efforts to increase sales, coupled with new routes and increased frequencies to popular destinations, led to a 22% increase in the total number of guests carried year-on-year to 14.8 million. The number was particularly encouraging as it surpassed the management's target of 14.5 million. This also enabled the airline not just to maintain its high passenger load factor, but actually to increase it by one percentage point to 81%.

Although heightened competition led to a slight decrease in average fare of 3%, Thai AirAsia still increased its revenue for the year by 16% to THB29,507 million, from THB25,356 million in 2014. Even more impressively, as a result of strong guest numbers and solid load factor, its net profit surged by 494% to THB1,991 million year-on-year (y-o-y), from THB 335 million.

As part of its strategy to increase international visitor numbers, Thai AirAsia collaborates with government bodies, and specifically the Tourism Authority of Thailand (TAT) as well as the Ministry of Tourism and Sports, and the Ministry of Culture.

In July, together with TAT, it organised a Thailand Shopping Paradise roadshow in China specifically to attract more Chinese travellers during the Green Season (off-peak, monsoon season). Thai celebrities made guest appearances at the roadshow destinations to add to the hype. Thai AirAsia also engaged extensively with key opinion leaders and relevant agencies that support persons with disabilities to be able to provide facilities and amenities that would ensure a quality experience for all its guests.

In addition, our affiliate partnered with CIMB Thai to hold a seminar for public and private bodies as well as business operators on developing tourism to Krabi. The discussions also touched on how AirAsia's hub in Krabi could further expand its connectivity with domestic and international destinations.

In January 2016, the Tourism and Sports Ministry announced that it expects the number of international arrivals in 2016 to exceed 32 million, representing a 7% increase from 2015, mainly from a continued surge of Chinese tourists.

Thai AirAsia intends to be very much a part of this phenomenon as it further develops the China market and gains a stronger foothold in India and its Asean neighbours. To support its network growth, the airline plans to receive five new Airbus A320 aircraft in 2016, bringing its total fleet size to 50.

Behind the scenes, Thai AirAsia will be intensifying its investment in innovation and technology to be able to introduce new services such as baggage drop, which will not only add to guests' convenience but also help to reduce its capital expenditure and maximise profits – supporting its strict business plans and strategies to ensure the greatest value.

BUSINESS
REVIEW

INDONESIA



INDONESIA AIRASIA + INDONESIA AIRASIA X

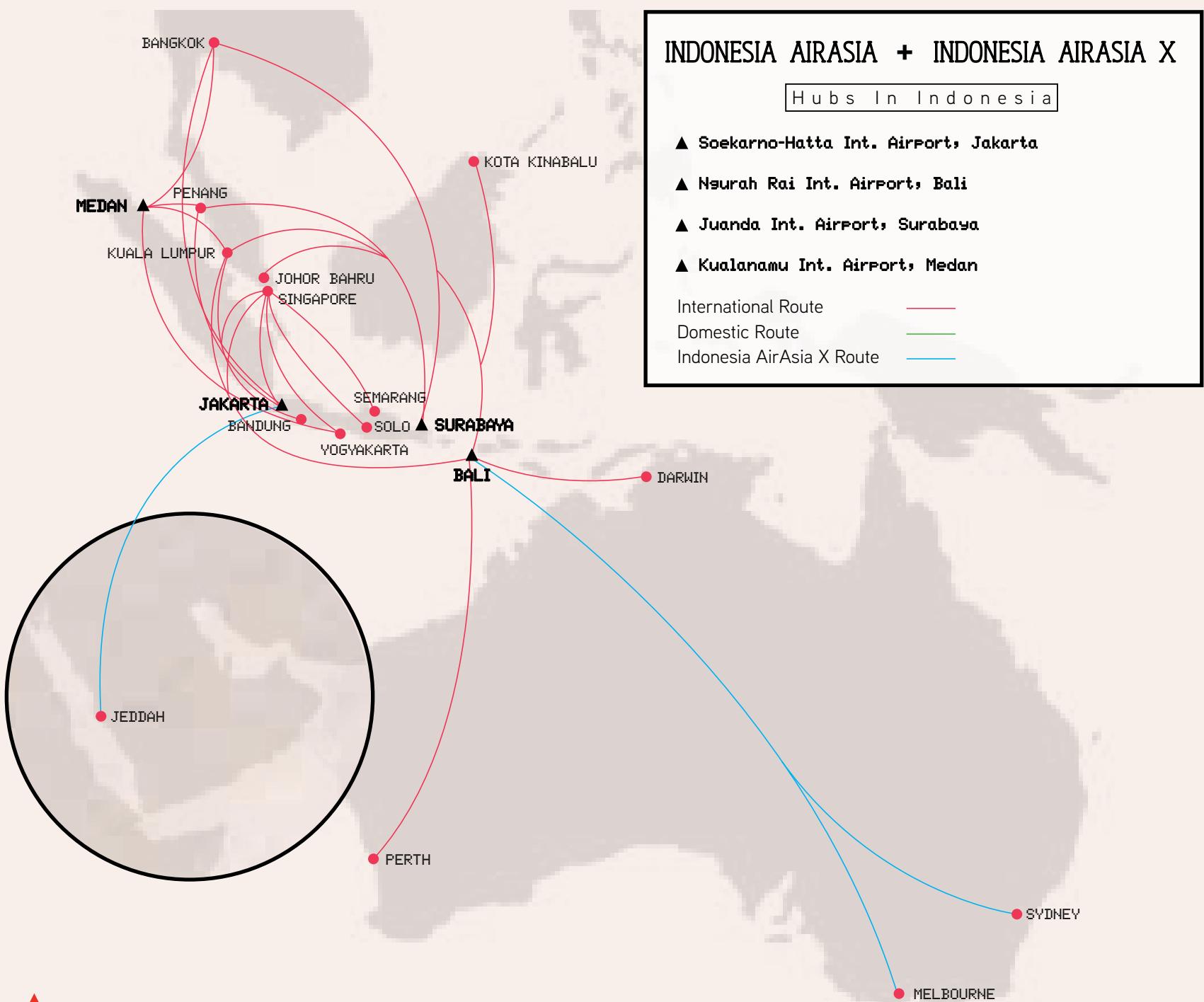
Hubs In Indonesia

- ▲ Soekarno-Hatta Int. Airport, Jakarta
- ▲ Ngurah Rai Int. Airport, Bali
- ▲ Juanda Int. Airport, Surabaya
- ▲ Kualanamu Int. Airport, Medan

International Route ———

Domestic Route ———

Indonesia AirAsia X Route ———



International Routes

Domestic Routes



At the Heart of Indonesia

WHAT MAKES AIRASIA TRULY SPECIAL IS NOT JUST THAT WE ENABLE EVERYONE TO FLY, BUT THAT WE DO SO WITH HEART. AND NOWHERE IS THIS MORE EVIDENT THAN AT INDONESIA AIRASIA. OVER ITS 11-YEAR EXISTENCE, OUR AFFILIATE HAS BECOME INCREASINGLY INVOLVED IN THE LIVES OF THE PEOPLE THAT MATTER MOST – NAMELY ITS GUESTS, ALLSTARS AND THE LOCAL COMMUNITIES – AND THE RESULTS SHOW.



Despite having been through some tough times recently as a result of aviation incidents, natural disasters, overcapacity among airlines and a generally softer economy regionally, Indonesia AirAsia continues to grow from strength to strength. The reason being: it has captured the trust and loyalty of the people.



Tana Toraja, Makassar, Indonesia

Indonesia AirAsia has become a strong champion of the underdog, empowering the marginalised to improve their lives. It is also the only airline in Indonesia with a female Airbus captain, a fact that it celebrated on a day to commemorate women empowerment. On 21 April, which has been designated as Kartini's Day (Kartini being a revered feminist who initiated a movement for women's equality during Dutch rule), an all-female crew and piloting team took control of flight QZ 7526 from Jakarta to Bali, led by Captain Dewi Meiliani.

It is also committed to enhancing the socio-economic well-being of Indonesians more generally, helping the Government of Indonesia lift people out of poverty and move them into a quickly expanding middle class. While itself providing employment to 2,003 Allstars, Indonesia AirAsia supports efforts to grow the tourism sector which has become increasingly important to the local economy, providing employment to no less than 9.8 million people in 2014, a figure that was to rise to 10.1 million in

2015, according to the World Travel and Tourism Council.

More specifically, it has been collaborating with the Government on the Wonderful Indonesia campaign by promoting Indonesian destinations across the AirAsia Group network. During the year, it was once again the title sponsor of the AirAsia Bali Beach Run held on 6 September, the largest beach run in Indonesia which attracted no less than 1,800 participants. And it

contributed to the Djakarta Warehouse Project (DWP) 2015, a hip dance music festival that drew a crowd 76,000 strong over two days on 11-12 December. Such efforts have helped to buoy tourism, which grew by a significant 10.29% in 2015, seeing a total of 10,046,759 tourist arrivals. In turn, travel and tourism contributed approximately 9% to the country's GDP.

As for its guests, no effort is spared to make their journeys with Indonesia AirAsia as comfortable, convenient and safe as possible. This year, to further enhance guests' flying experience and as part of the Group's overall commitment to going 'green', Indonesia AirAsia introduced the paper-less e-boarding pass which means those without check-in luggage can proceed straight to their departure gate. First launched in May for domestic flights operated from Soekarno-Hatta International Airport in Jakarta, the service was made available for all domestic and international flights as of September.

On board, new dishes from all over Asean were added to its menu, to give the perennial best-selling Nasi Padang Uda Ratman a run for its money.

Perhaps even more importantly to guests, Indonesia AirAsia listens to their feedback and responds accordingly, even if it means adjusting its routes. Based on guest preferences, during the year, the airline let go of two domestic routes to be able to increase the frequency of flights connecting Jakarta with Yogyakarta, which has much greater demand; and launch a new unique route, between Surabaya and Bangkok, on 24 July. Following this route rationalisation, Indonesia AirAsia now operates 33 routes, of which 11 are domestic and 22 international.

While its revamped route network helped to increase its average base fare from IDR 651,225 in 2014 to IDR 662,871, Indonesia AirAsia maintained its special carnivals and promos to offer truly exceptional deals that make flying even more affordable. On 22-25 October, guests were treated to the fifth instalment of the AirAsia Travel Fair, which this year was held in Surabaya. The event was so successful that, despite the lower than low fares, the airline earned no less than IDR 3 billion in sales. This was complemented by the much awaited quarterly Free Seats Campaigns.

Over and above the unique routes and affordable fares, Indonesians and visitors to the country keep flying Indonesia AirAsia because of its strongest asset – its Allstars. Following QZ 8501, a series of videos were released on YouTube under the #togetherwestand campaign



Nusa Dua, Bali, Indonesia

showing how passionate the Allstars are about their job, the strong bonds they share with their colleagues and the respect they have for the airline. These garnered 90% positive responses from netizens. Later, Indonesia AirAsia launched another campaign, known simply as its People Campaign which, once again, introduced its sterling cast of Allstars to the public.

As a result, strong bonds have been re-established with the public and helped the airline to grow despite a challenging environment. While the nation saw its lowest GDP growth yet since the global financial crisis, and the Indonesian rupiah (IDR) dropped 11% in value against the US Dollar over the course of the year, Indonesia AirAsia managed to increase its ancillary income per passenger by 8% from IDR 157,721 in 2014 to IDR 169,667, grow its fares, and improve its unit passenger revenue 3% from IDR 808,946 to IDR 832,537.

It also continued to be the airline of choice for visitors flying into Indonesia, carrying no less than 3.9 million international travellers, the highest number of all airlines serving international routes into

the country. At the same time, catering to domestic travel, it flew 2.2 million guests on domestic flights.

More importantly, by maintaining a high level of service quality and continuously enamouring its guests with warm hospitality, Indonesia AirAsia continued to be recognised by the marketplace. During the year, it was named The Best Airline by Adisucipto International Airport, Yogyakarta, for the third year running; Indonesia Leading International Low Cost Airline by Indonesia Travel and Tourism Awards Foundation (ITTA); and the Best National Airline at the Bali International Customers Satisfaction Award (BICSA) 2015.

Behind the public eye, our affiliate has stepped up efforts to further enhance its safety procedures and systems, an ongoing process at all our airlines. Earlier in the year it engaged former US Federal Aviation Administration (FAA) regulators and Bureau Veritas to carry out a comprehensive review of its safety platform and recommend further improvements. While awaiting the report, our affiliate introduced new safety-related modules to its recurrent

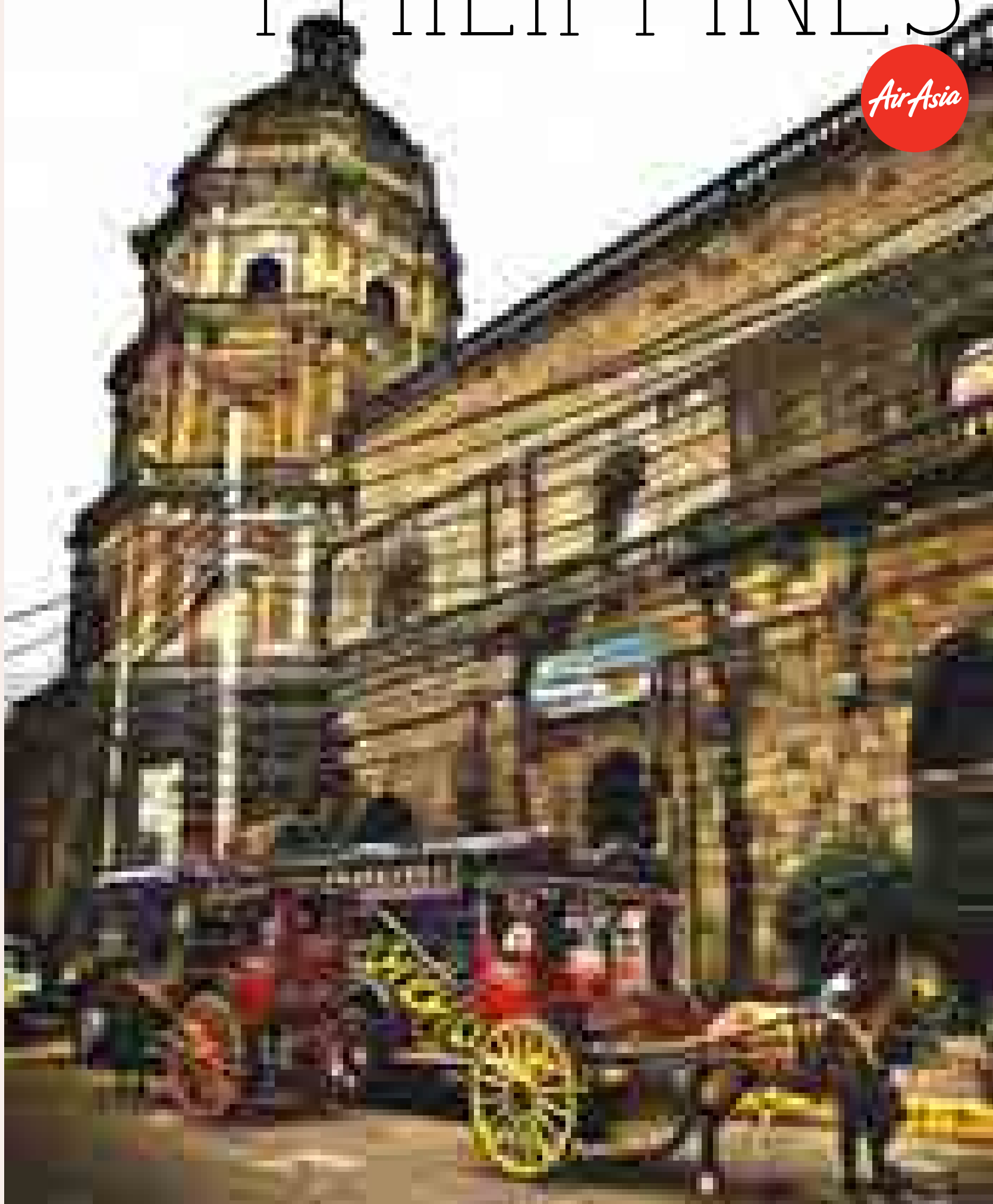
training syllabus and intensified its initial type training. It has also implemented the AIRMAN system, which enables the airline to monitor aircraft fault messages in real time.

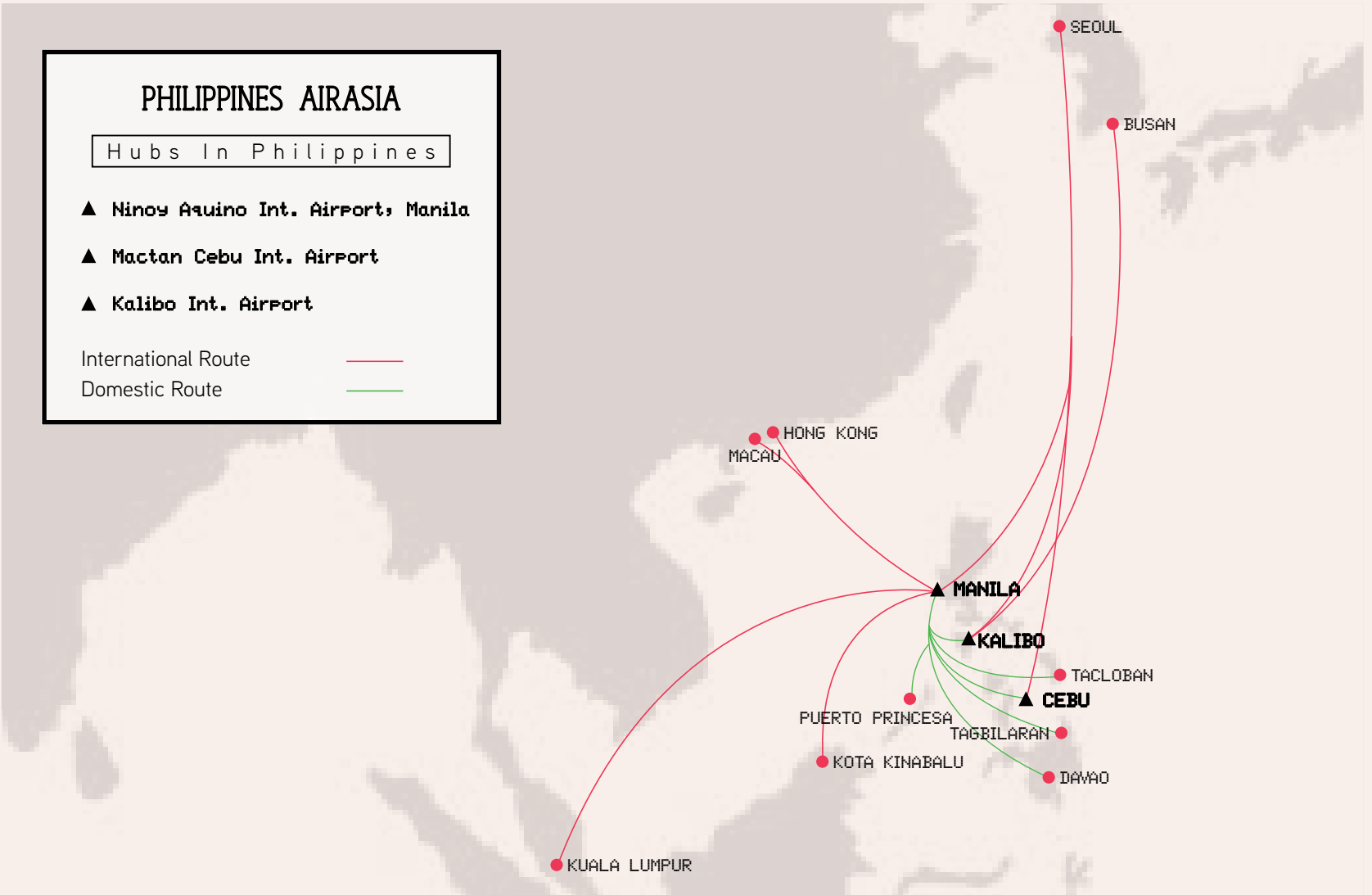
In other words, many changes have been implemented at Indonesia AirAsia to strengthen its fundamentals. In 2016, it aims to consolidate these changes and further reinforce its position as Indonesia's leading low-cost airline for international travel. Without bringing in any new aircraft, it will optimise the use of its existing fleet and leverage on the Group's extensive route network to create unmatched air travel connectivity for Indonesians and visitors to travel to and from the country. With Indonesia AirAsia X now plying routes from Bali to Melbourne and Sydney, it will also look to attract a higher number of guests from Australia onto its network to reach more destinations within the region.

The Indonesian Government is targeting 20 million foreign tourists annually by 2019, and Indonesia AirAsia is determined to be integral to this growth. With its Allstars behind its every move, we feel confident it will achieve this vision.

BUSINESS
REVIEW

PHILIPPINES





Puerto Princesa, Palawan, Philippines

Growing with its Communities

AS THE WORLD AWAKENS TO THE NATURAL WONDER THAT IS THE PHILIPPINES, ONE AIRLINE IS STEADILY BECOMING THE AIRLINE OF CHOICE AMONG THE NATION'S EQUALLY WONDERFUL PEOPLE. STARTING OFF RELATIVELY SMALL AND 'UNDER THE RADAR' IN 2012, THIS AIRLINE – WITH TRADEMARK PASSION FOR PEOPLE AND COMPASSION FOR THE UNDER-SERVED – HAS SLOWLY BEEN GAINING A LARGER SHARE OF THE NATION'S HEART, AND ALSO ITS AVIATION MARKET. THAT AIRLINE IS... OUR AFFILIATE, PHILIPPINES AIRASIA.

During the year, which marked a milestone achievement – when Philippines AirAsia finally got approval by all the relevant authorities to fully merge with Zest and form a single entity under the same Air Operator's Certificate (AOC) – our affiliate also began to see the results of efforts to truly integrate into the national landscape. The number of guests carried during the year increased significantly year-on-year, from 3.30 million to 3.59 million, which enabled the airline to boost its passenger load, from 70% as at end 2014 to 81%, despite a 30% increase in capacity from the addition of new routes.



Jeepney in Manila, Philippines

The fact is, more Filipinos are travelling with Philippines AirAsia because of its distinctive AirAsia brand of service and growing network which focuses increasingly on incredibly attractive tourist destinations, providing a genuine boost to local tourism and helping to grow local economies. It has helped also that, in June 2015, the airline received one of the highest endorsements of its safety standards by earning an 'excellent' remark following an audit by the European Aviation Safety Agency (EASA).



Ati-Atihan Festival, Philippines

Distinguishing itself from the rest as an 'enabler' that seeks to inspire growth of smaller communities, Philippines AirAsia has launched into a number of collaborations with local tourism and related organisations, becoming a genuinely involved partner in efforts to promote the country's amazing island destinations. The country has as much to offer global travellers as its Asean neighbours yet lags behind in terms of visitor arrivals.

Determined to close the gap, in March 2015, our affiliate signed an agreement with the Provincial Government of Palawan and Palawan Tourism Council to promote tourism to the collection of islands. In addition to providing its signature low fares to Puerto Princesa throughout the year, Philippines AirAsia is also helping owners of the local hotels as well as tour operators market themselves in Manila and around the country via a series of travel expos and promotional activities.

Later, similar partnerships were signed with the Provincial Government of Bohol and the Tacloban Tourism Council. Bohol is a province in the Central Visayas region famous for its beaches, chocolate (limestone) hills and the world's smallest primate, the tarsier; while Tacloban was one of the most ravaged sites when

typhoon Yolanda swept through the nation in November 2013, and where now much effort is being made by the local community to revive their economy via tourism.

In addition, towards year end, Philippines AirAsia also became the official airline partner of the Ati-Atihan Festival, said to be the mother of all festivals in the Philippines. Aside from providing free air travel for some of the invited guests to this 10-day fiesta from 8-17 January 2016, it also offered special promotional fares for the general public. The aim is for more travellers to experience the way in which Filipinos celebrate life, and understand the culture of the people in a more meaningful way.

Also as part of efforts to boost local entrepreneurship, on 21 August, Philippines AirAsia unveiled an aircraft livery featuring the vibrant blues of the Henann Group of Resorts' logo. The home-grown group boasts world-class accommodation in Boracay, Bohol and Palawan.

While serving to bring the world to the Philippines, our affiliate has also been working hard to get Filipinos to enjoy the sights and delights of international travel, especially within the region. In September, four amateur Filipino photographers were selected to take

part in a #AirAsiatravelphotographer campaign, each assigned one of four destinations – either Yogyakarta, Kuala Lumpur, Bangkok or Hong Kong – where they spent three days under the tutelage of professional photographers as they captured the beauty of these cities. While the experience was truly amazing for the four young men and women, the publicity generated and photos taken served to educate other Filipinos about the people, food, landscapes and architecture that they can now experience for themselves.

And, as Philippines AirAsia continues to grow, more and more travel options are being opened to the local populace.

From having only two Airbus A320 aircraft serving two domestic routes when it was established in March 2012, the airline now operates 15 aircraft and a total of 17 routes, of which 11 are international. During the year, Manila was linked with Hong Kong once a day while three new daily flights were launched from the capital to Davao. This network enhancement came about despite a re-fleeting programme to dispose of older aircraft inherited from Zest Air (which was renamed AirAsia Zest) thus achieve a single aircraft type in order to generate operational efficiencies, consistent with the rest of the AirAsia Group.

Meanwhile, in keeping with its credo to provide the best value and world-class service that every Filipino and visitor to the country deserves, the airline enhanced its in-flight menu with a selection of sumptuous national and universal dishes with the launch of a new menu, called Santan. New items include Bangus Sisig, made of chunks of boneless milkfish sautéed in onions seasoned with salt, pepper and spices, Buffalo Chicken Strips and Barbeque Cola Beef.

Adding to guest convenience, on 14 May our affiliate introduced the paperless e-boarding pass that allows guests without check-in-baggage to proceed straight to the boarding gate without having to queue at the check-in counter or desk at the airport. The service is available to guests with the AirAsia Mobile App as they receive their e-boarding pass on their mobile phones.

These initiatives contributed to the increase in number of guests flown which, in turn, led to a 47% hike in ticket revenue. In addition, total ancillary revenue also inched up by 1% while that from cargo grew by 13%. Together, these positive growth factors led to a 51% increase in total revenue at PHP2.29 billion, and a 21% growth in revenue per available seat kilometre (RASK) at PHP2.01. At the same time, guided by the management's turnaround plan, Philippines AirAsia's cost per available seat kilometre (CASK) decreased by 25% to PHP2.11, while further operating losses reduced to PHP110.64 million.

Philippines AirAsia is optimistic about the year 2016 and beyond given the potential for growth of tourism into the country, as well as that of air travel within the archipelago nation. Given China's booming outbound tourism market, our affiliate is focusing on creating sky bridges between the destinations it is promoting such as Kalibo and Puerto Princesa with the north Asian nation. To satisfy the demand for additional capacity, it will acquire five more aircraft in 2016 to bring its total fleet to 17.

In the longer term, the Philippine Government supports Open Skies in Asean. If implemented as envisioned, Open Skies will mean more destinations and frequencies, and the creation of more jobs for local communities. Better connectivity to the Philippines would help the Department of Tourism achieve its target of drawing in six million international tourists, up 13% from 5.3 million in 2015, along with a 10% increase in foreign receipts to USD6.5 billion in 2016.

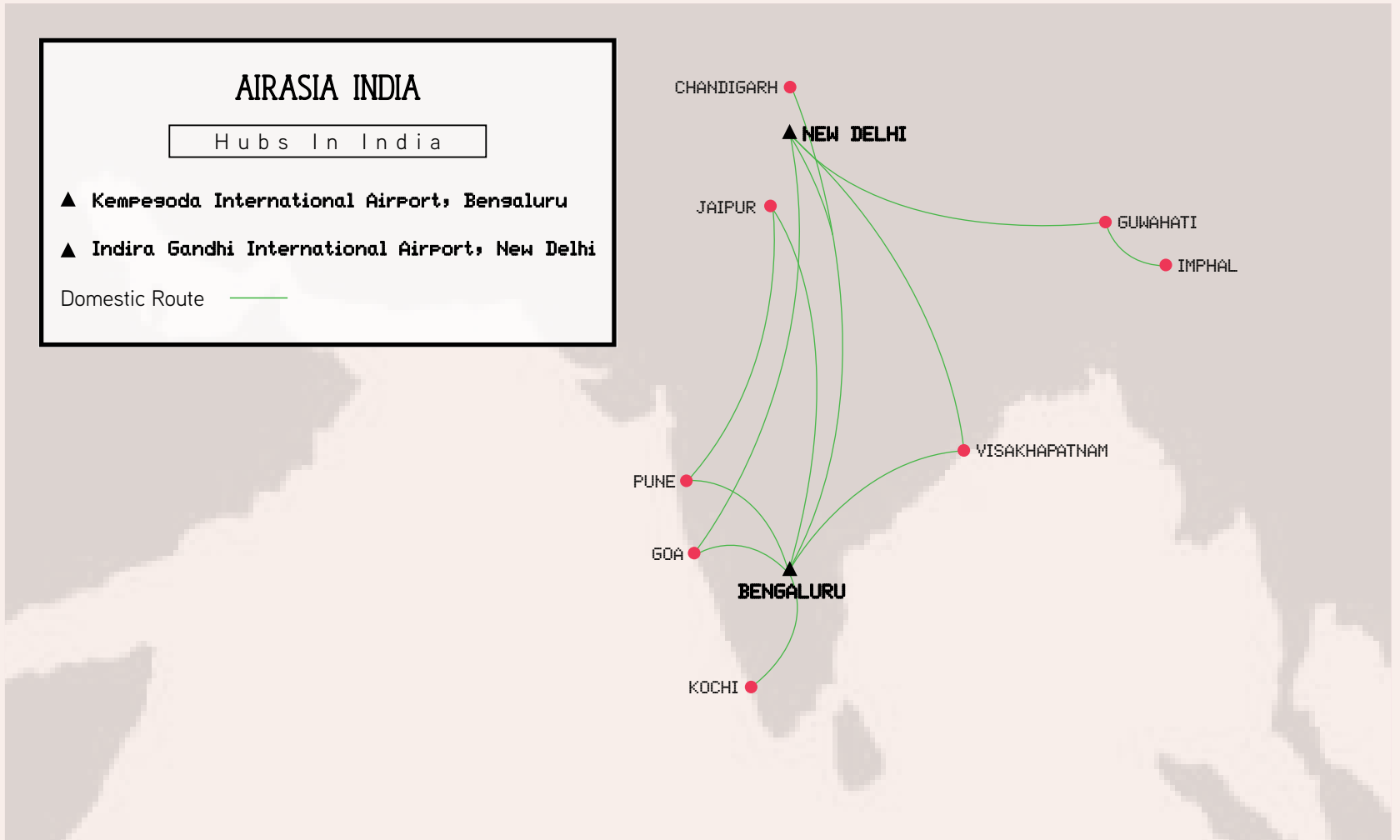
Needless to say, given its commitment to local communities in the Philippines in particular, and to tourism to the country in general, Philippines AirAsia is determined to help the Department of Tourism realise this, and future, goals. In the process, it is realising its own potential to enable everyone to fly by gaining greater trust and respect by the country's close to 100 million amazingly warm and resilient people.

BUSINESS
REVIEW

INDIA

AirAsia





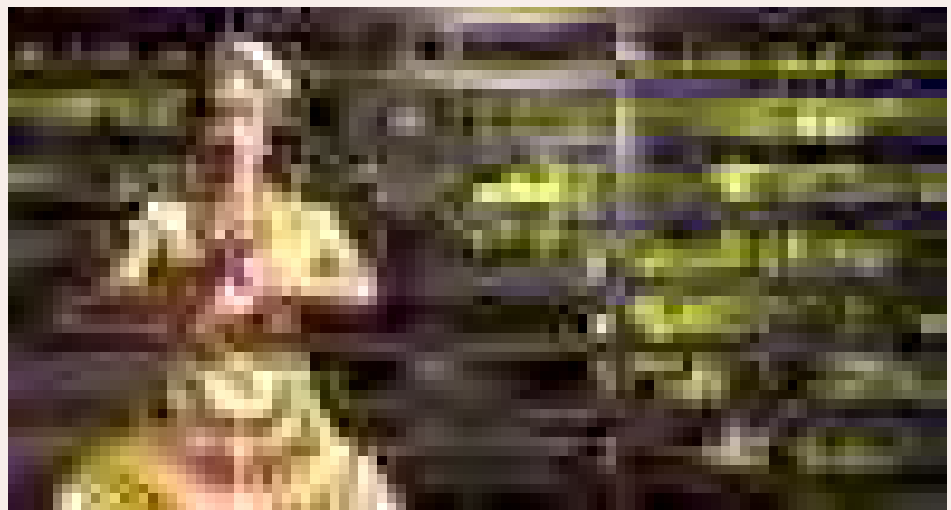
Hawa Mahal, Jaipur, India



Beyond India's Metro Cities

A QUIET REVOLUTION IS TAKING SHAPE ACROSS INDIA, SOME OF ITS SIGNS BEING DISCERNED BY ANALYSTS AND TREND WATCHERS. THIS IS THE EMERGENCE OF TIER II AND III CITIES AS THE NEXT ENGINE OF GROWTH OF THE NATION'S ECONOMY.

Smart Cities Council and Indicus Analytics, the country's leading economic research and data analytics firm, have named 20 cities that are gearing up to overshadow the current eight metros in terms of growth potential, while other reports indicate these cities will see the largest growth in urbanisation, the largest number of start-up companies, and the biggest demand for various services.



Mohiniyattam classical dance, Kerala, India

Naturally, they will also need better air connectivity to link their people with the rest of India and beyond which spells good news for our affiliate, AirAsia India. Already serving three of the 'emerging 20' that have been named – Jaipur, Visakhapatnam (Vizag) and Chandigarh – AirAsia India's mission to become a truly Pan Indian airline providing convenient and affordable air transport to underserved communities bodes well both for the local denizens and for the airline.

The airline's decision to focus on Tier II cities in India was a strategic response to competition in the aviation industry, which includes five low-cost carriers (LCCs) out of a total of nine commercial airlines. This competition is heaviest in the tried and tested 'traditional' routes

connecting India's most populated urban metros. By opting to focus on more non-traditional routes, AirAsia India not only escapes from the cluttered sectors but also has the benefit of serving large numbers of rural Indians who are migrating into smaller cities in droves.

During the year, our affiliate introduced a new route from its original hub Bengaluru to Vizag, a port city on the shores of the Bay of Bengal in Andhra Pradesh which also attracts tourists because of its pristine beaches and jungle treks. To meet demand, the airline increased its capacity on this route, introducing second daily flights as of 14 August 2015. This was followed by a morning service between Delhi and Vizag. New Delhi became AirAsia India's second hub in May, enabling

our affiliate to serve more destinations in northern India, a vision it satisfied by launching New Delhi-Guwahati on 21 May. Guwahati is the largest city in Assam and widely acknowledged as the gateway to north-eastern India. A second daily flight between these two cities was launched in November. Creating a more intricate web of sky bridges in this region, our affiliate introduced the Guwahati-Imphal route in June. Imphal is the capital of the state of Manipur which lies on the eastern most part of north India, bordering Myanmar.

In total, AirAsia India now offers 12 routes in India connecting 10 destinations, with Delhi-Bengaluru being the only sky bridge between two metro cities. The launch of four new destinations (Delhi,

Guwahati, Imphal and Vizag) and six new routes – Bengaluru to Vizag and Delhi; Delhi to Goa, Guwahati and Vizag; and Guwahati to Imphal – in the year was supported by the addition of three new Airbus A320 aircraft. One of these has been dedicated to JRD Tata, bearing the livery of the father of Indian aviation who served 50 years as Chairman of Tata Sons, one of the three partners of AirAsia India.

Despite the increase in capacity, the airline was able to maintain a healthy passenger load as increasingly more travellers are discovering AirAsia's signature brand of quality service. In 2015, AirAsia India flew a total of 1,396,742, guests, which was more than four times the number flown in 2014!



Bangalore Palace, Bengaluru, India

While popular routes would partially account for the numbers, so does AirAsia India's continuous investment in keeping guests delighted with new services. In June 2015, it introduced AirAsia's Red Carpet which affords guests true VIP treatment; and on 15 August, while hordes of Indian citizens thronged the streets in demonstration of their patriotic loyalty on Independence Day, our affiliate rolled out its own loyalty programme – AirAsia BIG – making it the first LCC in the country to reward guests with special privileges. These efforts were topped off in November with the launch of our new mobile app offering more features, smoother functionality and an improved interface – all geared towards providing guests with a greater flying experience.

AirAsia India also expanded its range of inflight cuisine, introducing delectable dishes which earned our affiliate recognition for having the Best Airline Meals in India by online travel aggregator goibibo.com. This was, in fact, just one of several accolades received from the

local aviation industry, all within its first full-year of operation. AirAsia India won in two categories each at the India Travel Awards – South and North, held on 28 April and 8 December, respectively. At the South Awards, the airline was named the Best Emerging Airline while former CEO Mittu Chandilya was recognised as being the Best Airline Professional; and at the North Awards it won for Best LCC while Chandilya was named the Face of the Future.

Of course, strategic marketing also helped to make known the airline's expansion and new offerings. To commemorate the establishment of New Delhi as a new hub and the launch of three routes from the Indian capital, the airline ran a 'Rs1 per km' campaign. This meant fares from as low as Rs1,700, which is comparable to first and second class rail ticket fares, a real feat considering that the popularity of Indian rail is due to its very affordable rates. Then, to celebrate its first anniversary, fares dropped even more – to as low as Rs900 – for guests who booked through

the mobile app. These rates were so attractive that, though made available only during a three-day window from 12-14 June, the campaign generated more than Rs13 million. But, of course, the biggest hit of the year was the Big Sale, through which 9,200 seats were sold in a week, generating more than Rs207 million.

In addition to attractive sales promotions, AirAsia India has won a place in the hearts of this cricket-enamoured nation by sponsoring the King's XI Punjab, an Indian Premier League finalist.

With effective planning, moreover, it has been able to stretch its start-up capital over a period of 18 months, lasting till the end of 2015, without the airline accruing any debts.

We are optimistic of a very bright future for our newest affiliate. Many factors lend further support to its growth gaining in momentum in the near future. Perhaps most pertinently, India's economy is picking up with GDP growth measuring

an estimated 7.7% in 2015 and some predicting it will overtake China as the world's fastest growing economy. Even if this does not pan out, the fact remains that wealth among the middle classes of this huge market with a population of over 1.3 billion is growing, as strong an indicator as any that demand for air travel, both domestic and international, will soar. Combining India's population with that of Asean, our affiliate has a potential market of some 1.9 billion people, which is more than a quarter (27%) of the total world population.

Currently, the airline is restricted by the '5/20 ruling' which requires airlines to have served the local market five years and operate at least 20 aircraft before they can go international. However, the ruling is expected to be revoked along with a new National Civil Aviation Policy (NCAP) to be introduced in the near future, given massive lobbying against it. The fact is, a repeal would benefit the entire aviation industry, creating much more scope for all airlines to grow thereby offering better access and more flexible flying options to the nation.

Adding to this, India enjoys a long tradition of friendly ties with its Asean neighbours, setting the scene for vibrant two-way tourism across borders. Efforts at promoting tourism between India and Asean are also in line with India's Act East policy and aspiration of gaining 1% share of international tourism by year 2020, and 2% by 2025.

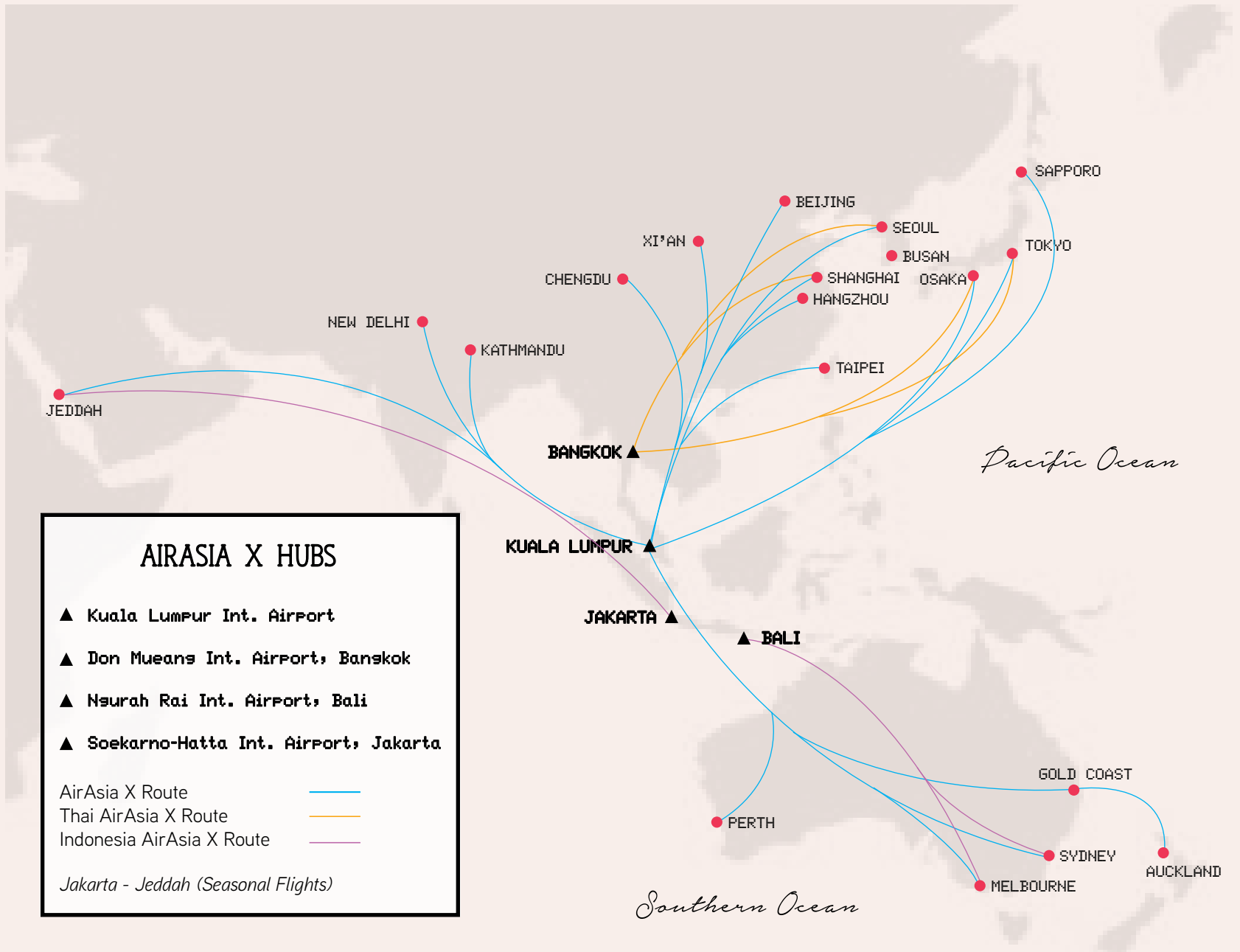
Meanwhile, the airline's immediate plans are to expand its route network in the country to serve latent demand, while increasing the frequency of popular sectors. It also aims to introduce more ancillary products to boost its revenue, with an even more exciting menu, e-vouchers and a wider range of seat options waiting in the wings.

One of the goals of the new NCAP is to cultivate an aviation ecosystem that is able to support 300 million domestic flights by 2022. With its vision to become a Pan Indian airline serving the underserved, AirAsia India is just the airline to contribute to this national goal. The airline believes avidly that there is much of India waiting to be discovered, and given the opportunity, it would like to play a role in unravelling these exciting discoveries.

BUSINESS
REVIEW

AIRASIA X





AirAsia X launches its inaugural flight from Kuala Lumpur to Sapporo, Japan

On the Brink of a Turnaround

A NEW ERA BEGINS FOR OUR LONG-HAUL SISTER AIRLINE, WITH A NEW MANAGEMENT AND A COMPREHENSIVE TURNAROUND PLAN THAT IS PRODUCING RESULTS. SLIGHTLY MORE THAN A YEAR OF INTENSE ROUTE RATIONALISATION, REVENUE ENHANCING AND COST-CUTTING ACTIVITY, MALAYSIA AIRASIA X (MAAX) ACHIEVED A HUMBLE NET PROFIT OF RM197 MILLION IN THE FOURTH QUARTER OF 2015, AFTER EIGHT CONSECUTIVE QUARTERS OF LOSSES.



The turnaround had been necessitated by overcapacity and a price war in the routes served by MAAX, compounded by a weakening Ringgit and various issues that dampened the travel industry. These included the airline incidents in 2014, followed by the Nepal earthquake in April 2015, and MERS outbreak in South Korea in May 2015. Thai AirAsia X (TAAX) and Indonesia AirAsia X (IAAX), meanwhile, were impacted by regulatory issues. Thai airlines in general were affected by route restrictions to Japan and South Korea following an International Civil Aviation Organization (ICAO) audit that downgraded the safety ranking of Thailand's Department of Civil Aviation. In Indonesia, the Ministry of Transport renewed its concerns on a number of regulations, over and above which IAAX had to manage a dented image in Australia following a delay in the launch of flights from Bali to Melbourne.



Thai AirAsia X celebrates its inaugural flight from Bangkok to Shanghai, China

A main component of this multi-phase plan was network consolidation which included the termination of non-profitable routes – from Kuala Lumpur to Adelaide, Nagoya and Narita – and reviewed frequency allocations. Two routes more suited to Airbus A320 operations – from Kuala Lumpur to Chongqing and Colombo – were shifted to AirAsia; and three high potential routes – Kuala Lumpur to New Delhi, Sapporo and Auckland – were launched. To maximise revenue, AirAsia X is extending its reach to a wider market via strategic partnerships with prominent travel agents. In Australia, which accounts for 30% of total revenue, it is now collaborating with the Flight Centre Travel Group and BYOjet, both of which have online and offline sales and marketing channels. AirAsia X also embarked on wet leasing its excess capacity from the route rationalisation, the initiative serving not just to earn revenue but also in US Dollars, which helps counter the foreign exchange losses accrued from the depreciating Ringgit.

In addition, the Group embarked on a couple of high-profile marketing initiatives in collaboration with AirAsia. These included the appointments of Korean football icon Park Ji-Sung and Grammy-winning musician 'Hitman' David Foster as its global ambassadors. Park Ji-Sung, who is widely revered in North Asia, is ideal to further develop this market, while Foster's string of awards in the entertainment industry makes him a suitable choice to promote AirAsia and AirAsia X's Premium products – inclusive of the latter's Premium Cabin and Premium Flatbeds which have been voted the best in the world among low-cost carriers three years in a row.

Another successful campaign was to introduce AirAsia X's new CEO, Benjamin Ismail, to the Australian market... in a manner that captured his fun and easy-going personality. Towards the beginning of the year, Ben toured the country tweeting his travels and offering special promotions to catch the imagination of Australians wanting to travel to destinations within the AirAsia Group's network including Bali. The campaign not only helped to drive sales but also renewed Australians' faith in the Group.

While the Group had already been operating on a lean, no-frills model, a thorough review of processes revealed there were still ways in which it could further increase efficiencies and cut costs. To improve crew utilisation and avoid out-of-town overnight stay expenses, the crew strength on certain flights was reduced from nine to eight; and same-day flight turnarounds were implemented where possible. Further negotiations are ongoing to reduce ground handling, airport, D-factors charges, and aircraft rental, among others. In addition, AirAsia X and AirAsia have embarked on joint operations to share our resources. By merging our ground services and ramp operations as well as our marketing function, AirAsia X has been able to reduce its headcount by 176 within the space of a year.

Another key area in which AirAsia X has been able to reduce costs is fuel. The Airbus A330-300 which makes up its fleet is already one of the most fuel-efficient aircraft in existence. However, the team has been able to further reduce its fuel consumption by fuel tankering, i.e. re-fuelling in destinations that offer the most competitive prices. It also plans to reduce the weight of its aircraft by replacing voluminous hardcopy charts on board with Electronic Flight Bags (EFBs). This will enable the airline to save as much as 8.25kg of fuel per sector.

Collectively, these cost reduction efforts have further strengthened AirAsia X's position as the lowest unit cost long-haul airline in the world, with a cost per available seat kilometre (CASK) for the year of USD3.53 cents, which was 10% lower than its CASK of USD3.94 cents in 2014.

Among the early wins of the turnaround programme have been a strong return of business across all markets in Q4. Looking at key performance indicators in the quarter, average base fare has improved 22% year-on-year (y-o-y) resulting in 15% growth in revenue per available seat kilometre (RASK) y-o-y which, accompanied by lower costs, led to a small profit. This translated into our full-year net loss decreasing to RM350 million from RM519 million in 2014.



Indonesia AirAsia X launched its inaugural flight from Bali to Sydney, Australia

Meanwhile, a rights issue carried out in the second quarter of the year raised RM391 million, and was used to rationalise operations.

Most importantly, the irrational competition and unsustainable low fares that had plagued the industry since late 2013 finally wound down in the second half of the year when competitors reduced capacity. This marked a turning point for AirAsia X, which is now looking set to grow again... practically on a clean slate.

A NEW ERA BEGINS

Along with the new year, AirAsia X is strategising a new network expansion plan and further increasing revenue by pushing its ancillary services, as well as enhancing its sales and marketing efforts.

The inaugural Kuala Lumpur–New Delhi flight took off in early February 2016, followed by Auckland on 22 March. At the same time, the team is working to increase AirAsia X's presence in China and the Middle East. As more routes are introduced, there are also plans to grow Fly-Thru with more city pairings coupled with aggressive marketing to increase general awareness of the service.

To extract even more value from other ancillary products, along with AirAsia, it has introduced a more dynamic pricing mechanism for check-in baggage and value-bundled packages. New and exciting dishes will be added to the in-

flight menu, with a refreshed pricing scheme. And there are plans to provide in-flight entertainment on all routes, not just Australia, while enhancing the Duty Free offerings. Again with AirAsia, the Group will leverage on Foster as our ambassador for Premium products, and establish a Premium lounge for added comfort and convenience of Premium guests.

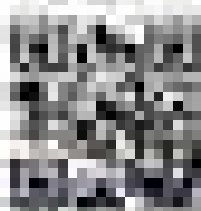
To grow its sales in key markets, AirAsia X seeks to enter into more partnerships with travel-related agents especially in India, New Zealand, Japan and China, and work with its new partners on aggressive marketing efforts.

All this is to be accomplished with minimal cash outlay so as to build the airline's cash position. Supporting this strategic decision, fleet growth will be restricted in 2016 and 2017.

In other words, AirAsia X has its roadmap well planned and, despite uncertainties in the operating environment as well as ongoing currency volatilities, it is entering the year 2016 on a cautiously optimistic note. With greater vigilance, the dedication of its people and support of AirAsia, there is reason to believe that its turnaround has truly begun.



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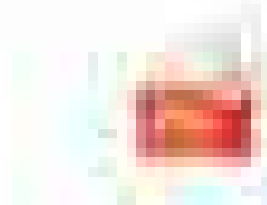


NOVENA



NOVENA
A collection of nine works by the artist, each exploring different themes and styles. The works are displayed in a gallery setting, with a red wall in the background.

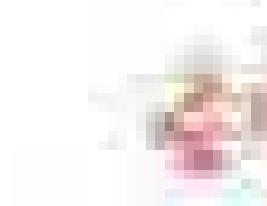
ALL A-SHES IS MEMBER PERKS



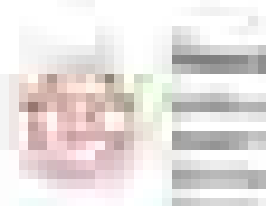
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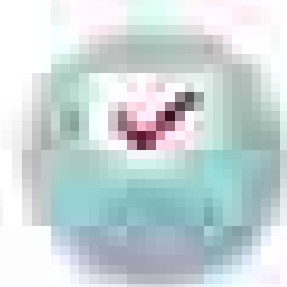
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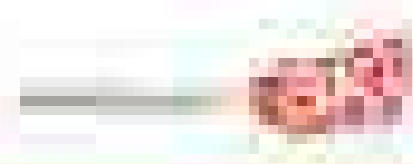
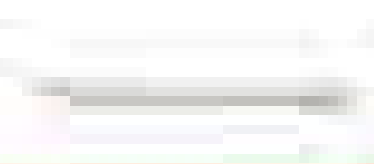
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BUSINESS
REVIEWBIG LOYALTY
PROGRAMME

Big Just Got Bigger



AirAsia BIG rewarded the lucky 300 millionth guest, Jodie Lazuardi, a 30-year-old art director in Jakarta, with three million AirAsia BIG Points for a once-in-a-lifetime experience

Did you know that if you subscribe to a year's *The Economist*, you stand to earn 10,000 AirAsia BIG Points? Or that if you write reviews for TripAdvisor you can earn about 1,500 AirAsia BIG Points a month? And that with only 6,500 AirAsia BIG Points you can fly from Kuala Lumpur to any one of Ho Chi Minh, Krabi, Medan or Hat Yai, among other destinations?

Earning points to redeem flights has never been easier, thanks to our AirAsia BIG Loyalty Programme. Launched in November 2011 by Think BIG Digital Sdn Bhd, a joint venture between AirAsia Berhad, Tune Group and Canada-based loyalty management company Aimia Inc, AirAsia BIG is to date one of the few loyalty programmes offered by low-cost carriers. But, more than that, it is truly big on value.

The loyalty programme has no blackout period which makes all seats redeemable by points, among other member-exclusive privileges such as priority access to AirAsia sales and flight redemptions from as low as 500 AirAsia BIG Points. What is more, the team at AirAsia BIG is forever looking at ways to build more perks into the programme. As of 2015, members will receive a Final Call every month offering redemption sales with up to 85% discounts, and will be rewarded with BIG bonus points to help them realise their dream destination during their birthday month. Meanwhile, highly engaged members enjoy a 20% redemption rebate during special promotions.

BIGGER VOICE

In order to strengthen the presence and purpose of BIG, it has been incorporated in AirAsia's guest journey. Guests can easily log in to their BIG accounts via a single sign-on feature through airasia.com, stay informed of their AirAsia BIG Points earned from AirAsia email itinerary confirmations, and learn more about AirAsia BIG via on-ground buntings, banners, LED boards and tent cards that have been strategically placed at the airport. AirAsia BIG messages are carried through in the aircraft, too, emblazoned boldly on the overhead cabins and meal trays.

To boost the effectiveness of its member communication, the AirAsia BIG team has established in-house analytics and Customer Relationship Management (CRM) capabilities, while kick-starting

member segmentation and lifecycle management.

The team has also gone on to bigger things to emphasise the BIG brand. In August, when AirAsia reached a milestone with 300 million guests flown, AirAsia BIG rewarded the lucky 300 millionth guest, Jodie Lazuardi, a 30-year-old art director based in Jakarta, with three million AirAsia BIG Points for a once-in-a-lifetime experience.

Efforts such as these contributed to AirAsia BIG bagging three awards at the Advertising + Marketing Magazine's Marketing Excellence Awards 2015 — Silver for Best Use of Social Media, and Bronzes for Loyalty Programme of the Year as well as Best Regional Loyalty Marketing Campaign.

BIGGER PARTNERSHIPS

OCTOBER SAW THE LAUNCH OF AN EXCITING FIRST OF ITS KIND COLLABORATION WITH EDARAN TAN CHONG MOTOR, THE MILLIONAIRE DRIVE. THROUGH THE CAMPAIGN, CUSTOMERS WHO PURCHASED AND REGISTERED THEIR NISSAN CARS IN THE MONTH OF OCTOBER WERE IN THE RUNNING TO WIN FROM A TOTAL OF 1,000,000 BIG POINTS.

The Grand Prize winner, announced in November, went home with 300,000 BIG Points, which is equivalent to five return flights to Tokyo, Sydney, Beijing, Seoul or numerous local destinations.

AirAsia BIG also entered into several new strategic regional partnerships, which helped to further diversify its programme partners from finance to travel and the retail sectors. New credit card partners include UOB, Siam Commercial Bank and Fubon Bank (Taiwan); the retail partner list now encompasses names such as Microsoft, Canon, Lazada and Aurora; while Rocketmiles, Roomorama and Avis Rental Cars feature among the new travel partners.

BIGGER NUMBERS

These initiatives have started to bear fruit, with AirAsia BIG seeing double digit growth in BIG membership year-on-year, based on an average of 171,000 new members signing up every month resulting in a current total membership base of 15.6 million. These BIG members were actively acquired from online and on-ground activation campaigns and activities through the AirAsia Group, co-brand partnerships and other partnerships. This was accompanied by a 98% increase in number of BIG Points issued year-on-year and 102% growth in gross billings.



BIG Loyalty Programme

The year saw an 80% increase in number of BIG Points redeemed, with Fixed Points and Final Calls being significant contributors. This, in turn, led to an 84% increase in revenue recognised by AirAsia BIG.

The most significant contributors to AirAsia BIG's achievements in 2015 were its co-brand programmes with CIMB Niaga (Indonesia) and Bangkok Bank (Thailand), which accounted for

12% of total points issued. Meanwhile, BIG Fixed Points and Final Call together contributed to 33% of total seats redeemed in 2015. And, the inclusion of BIG in AirAsia's customer journey spurred a significant growth of over 150% in airline issuance.

BIGGER AMBITIONS FOR 2016

Building on the momentum of strong growth gained in 2015, AirAsia BIG has set its sights on increasing its points issuance and gross billings by over 60%

in 2016. In order to achieve these targets, the team will focus more intently on driving its co-brand programmes. Come 2016, AirAsia BIG also aims to increase its points conversion, drive direct earn issuance, enhance its programme value proposition with the AirAsia Group, and build core capabilities for long-term success.

BUSINESS
REVIEW

AIRASIA EXPEDIA

Discover New Experiences



Introduction of Expedia+

Did you know there is a strong Italian influence in the architecture of Bangkok, and that you can engage a personal guide to take you to these sites and explain them to you in detail? Or that you can breakfast with orangutans at the Singapore Zoo? Perhaps you would rather have a yoga class atop a paddleboard on the waters off Sanur beach in Bali; or tour the island in a rugged Volkswagen Type 181 convertible?

These are just some of the activities that travellers can book through AirAsia Expedia to make their holidays that much more interesting and memorable. AirAsia Expedia is a joint venture (JV) between the world's leading online travel agency (OTA), Expedia, and AirAsia. Its website also hosts AirAsiaGo, a small yet growing OTA targeting the budget-conscious.

The partnership, established in 2011, is mutually beneficial as it strengthens Expedia's presence in our home markets while widening our distribution reach through its global network. Touted as a

'marriage made in heaven' when it was solemnised, the JV has been growing steadily over the years, with an increasing number of sites in the region as well as increasing functionalities. This year, for example, Expedia launched its full product service in Taiwan in June, providing Taiwanese customers full air content on the Expedia Taiwan site, as well as the benefits of its bundled packages.

Expedia has also been adding more enticing products to its portfolio, with a recent focus on activities (such as the ones described above). These add to an exceptionally large inventory of more than 269,000 hotels and 475 airlines. With such extensive offerings, Expedia prides itself as a 'One Stop Shop' for all the needs a traveller could possibly have – inclusive of on-ground transport and insurance. What is more, these are made available at the most competitive rates. Expedia offers travellers the assurance that they are getting the best value for their travel dollars through a programme

in which, if a guest is able to find a lower price for a given package on any other online travel site, it will match this more attractive rate.

Key to Expedia's strong value proposition is adapting the latest technologies to create greater convenience for guests. Over the last few years, it has been making waves with its award-winning mobile app which allows for various functions including payment-on-the-move and continuous shopping. With its mobile responsive websites, Expedia is able to support shopping on all types of mobile devices even those with screens as small as 3.5 inches.

This year, to increase traffic to AirAsiaGo, an app was launched in January 2015 which enables guests to make standalone air, hotel as well as activities bookings. The app went on to win a Bronze for the Best App/Content by A Consumer Brand at the MOB-EX Awards 2015.

And as of early January 2015, online shoppers in the region can enjoy a seamless experience on both mobile and desktop via the Scratchpad service. Based on lab research that studied travellers' behaviour, the Scratchpad allows our guests to 'make notes' of their online travel research, just as they would with pen and paper, and enables them to return instantly to the hotels, flights and packages they had looked at before, with the same dates used during their last search, but – and here's the wonder of technology – at the most current prices.

REWARDING LOYAL CUSTOMERS

DURING THE YEAR, AIRASIA EXPEDIA ALSO ROLLED OUT ITS LOYALTY PROGRAMME, EXPEDIA+, ON ALL ITS BRANDED SITES. MEMBERSHIP FOR REWARDS IS FREE; AND MEMBERS DO NOT JUST EARN POINTS FROM MAKING BOOKINGS ON EXPEDIA'S SITE BUT STAND TO BENEFIT FROM A NUMBER OF SPECIAL PRIVILEGES.

For a start, when a member logs onto the Expedia site, he/she will automatically get exclusive members-only deals and bonus offers. These include what Expedia calls its Unreal Deals, namely the day's absolute best packages with savings up to the price of either the flight or hotel stay. What makes Expedia+ extra special is that it uniquely allows travellers to both earn and redeem on hotel and flight bookings (where permitted). On top of that, customers can earn points when they book for others and redeem their points by booking travel for friends and family.

CAMPAIGNS & AWARDS

A key campaign held during the year, which ran for two-and-a-half months from July to mid-September, was to celebrate Singapore's 50th year of Independence. To add to the patriotic fever, AirAsia Expedia gifted the people of Lion City with great travel deals catering to the different traveller segments. The campaign comprised six themes, each lasting two weeks. This was complemented by a social media initiative, #MissingMySG, encouraging fans to share what they miss most about Singapore while travelling.

In mid-October, AirAsia Expedia launched a new brand icon for AirAsiaGo, SUPER SAVERMAN, with campaigns running in Thailand till mid-December offering travel package

discounts of up to 70%. The aim was to drive awareness of AirAsiaGo and leverage on the year-end holiday season. The campaign was boosted by Skytrain wrapping, which is helping to drive AirAsiaGo's key messages across Bangkok until end April 2016.

In total, AirAsia Expedia won 10 awards in 2015 across Asia. Most significant among these was being recognised as the Best OTA in Asia at the Travel Weekly Asia Reader's Choice Awards, widely seen as the most authoritative ranking of travel suppliers in the Asia-Pacific region.

READY FOR MORE

The regional travel environment was certainly challenging in 2015, encompassing currency weaknesses that drove lower-cost domestic/regional travel as well as geopolitical and natural events which palled travel at least temporarily. Yet, driven by conscientious product expansion, strategic marketing initiatives, and improved mobile and desktop platforms, AirAsia Expedia performed very well, with both the Expedia and AirAsiaGo brands surpassing all their key performance indicator (KPI) targets. These included top and bottom line growth, packaged business sales, new shopper acquisition, mobile downloads and social media-based acquisitions.



Jonty's speech as CEO of Expedia Asia

As we enter 2016, AirAsia Expedia will continue to expand, with a full-service launch in Korea planned for the second half of 2016, and additional site upgrades throughout Southeast Asia. With continued investments in brand building, bringing more supply and choice into the marketplace for consumers, and expanding its local team presence across the region, the company is upbeat on prospects for the year, and is confident it will be able to celebrate its fifth anniversary in July with a firm foundation on which it can build to become Asia's most favoured online travel booking solution.

Placing further emphasis on its mobile platforms, AirAsia Expedia hopes to improve its mobile penetration, engagement and conversion. It also plans to enhance its Net Promoter Score by ensuring that the voice of the consumer is considered in developing products and tools.

So... if there are any particular activities that you are really looking forward to engaging in on your next holiday escapade, just send the Expedia team a note. Who knows? It may be added to their already comprehensive list of travel must-dos.





QUICK

ANALYSIS: THE ENVIRONMENTAL IMPACT OF AIRCRAFT TAKE-OFF AND CLIMB PHASES



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ASIAN AVIATION CENTRE OF EXCELLENCE

**BUSINESS
REVIEW**

Earning More Stripes



Full-flight Airbus A320 simulators



Rescue and emergency simulation and training

The pick-up in demand for pilots within the region post-2014 has been positive for our training arm, the Asian Aviation Centre of Excellence (AACE), which ran substantially more pilot training programmes during the year, boosting both revenue and profit. For the first time since it was established in 2011, revenue crossed the RM100 million mark.

This increase in demand was not a one-off. According to Boeing, it will continue to escalate over the next 20 years, driven by the region's growing middle classes who clamour to travel. In its 2015 Boeing Pilot & Technician Outlook, the aircraft manufacturer anticipates a need for 226,000 new commercial airline pilots and 238,000 new technicians in the Asia-Pacific

region through to 2034. These numbers represent approximately 40% of global needs and are more than that of North America, Africa and Europe combined.

While the demand in itself spells good news for AACE, the fact that the region's capacity to cater for this demand is severely limited makes it even better. A 2011 study released by the International Civil Aviation Organization (ICAO), the United Nation's aviation agency, noted that the region at the time was capable of training only 5,000 pilots per year.

Aware of the wide gap between supply and demand, in 2011, AirAsia collaborated with leading global aviation training centre CAE to set up AACE at the KLIA Complex in Sepang. The idea

was not just to meet our own training needs but also those of the region. Hence when AACE saw an opportunity to partner with the Philippine Academy for Aviation Training (PAAT), it grabbed it, acquiring a 50% interest in this training centre located at the Clark Special Economic Zone in December 2014. At the time, PAAT was serving the training needs of Cebu Pacific, one of the partners in PAAT. With AirAsia in the picture, it extended its services to Philippines AirAsia while continuing to also cater to other airlines operating to and from this country.

Other than its main hub in Sepang and the branch in the Philippines, AACE operates satellite centres in Glenmarie Shah Alam, Selangor as well as one in

Seletar, Singapore. Together, the four centres are equipped with 12 simulators and are able to handle various types of pilot training.

AACE in Sepang is the largest training centre of its kind in Southeast Asia, offering a full range of aviation related training for pilots, cabin crew, guest services, ramp agents and engineers. Built in January 2005, it offers state-of-the-art equipment and facilities that include five full-flight Airbus A320 simulators, one full-flight A330 simulator, a 10-foot deep pool custom-made for rescue and emergency simulation and training, computer labs and 32 training rooms.

IN 2015, IT MADE WAVES WITH THE ACQUISITION OF A NEW A330-7000XR SIMULATOR, WHICH BOASTS NEXT-GENERATION FEATURES SUCH AS A RE-DESIGNED INSTRUCTOR OFFICE WITH SUPPORT FOR MOBILE DEVICES AND REAL-TIME DATA ANALYSIS AND FEEDBACK, AS WELL AS A CAE FLIGHTSCAPE INSIGHT™ DEBRIEFING STATION EQUIPPED WITH SIMULATOR OPERATIONAL QUALITY ASSURANCE (SOQA) TO ASSESS TRAINING EFFECTIVENESS.

The simulator in AACE is the first of its kind to be deployed worldwide and is expected to attract even more pilot trainees. Since it opened, in fact, AACE has welcomed a steadily increasing number of future pilots, with only a slight dip in 2014 due to the particularly tough aviation environment. Now, the demand looks set to increase again.

In 2015 itself, AACE saw a 26.2% increase in number of pilots who undertook Type Rating training, from 320 pilots in 2014 to 404 pilots, contributing to a 34% increase in revenue to RM88.4 million. While AirAsia still channelled the bulk of pilot trainees, there was a marked increase in training of pilots from third parties too. Among these were three new airline customers, namely Indian low-cost carrier Indigo Airlines, Hong Kong Airlines and Singapore Airlines.

Boosting its non-pilot revenue, AACE strengthened its collaboration with Aviation Australia by promoting its EASA Part 147 Engineering licensing programme more aggressively. It is also currently negotiating with AirAsia to conduct the CAT 'A' Engineering licensing programme which it hopes to kick off in 2016.

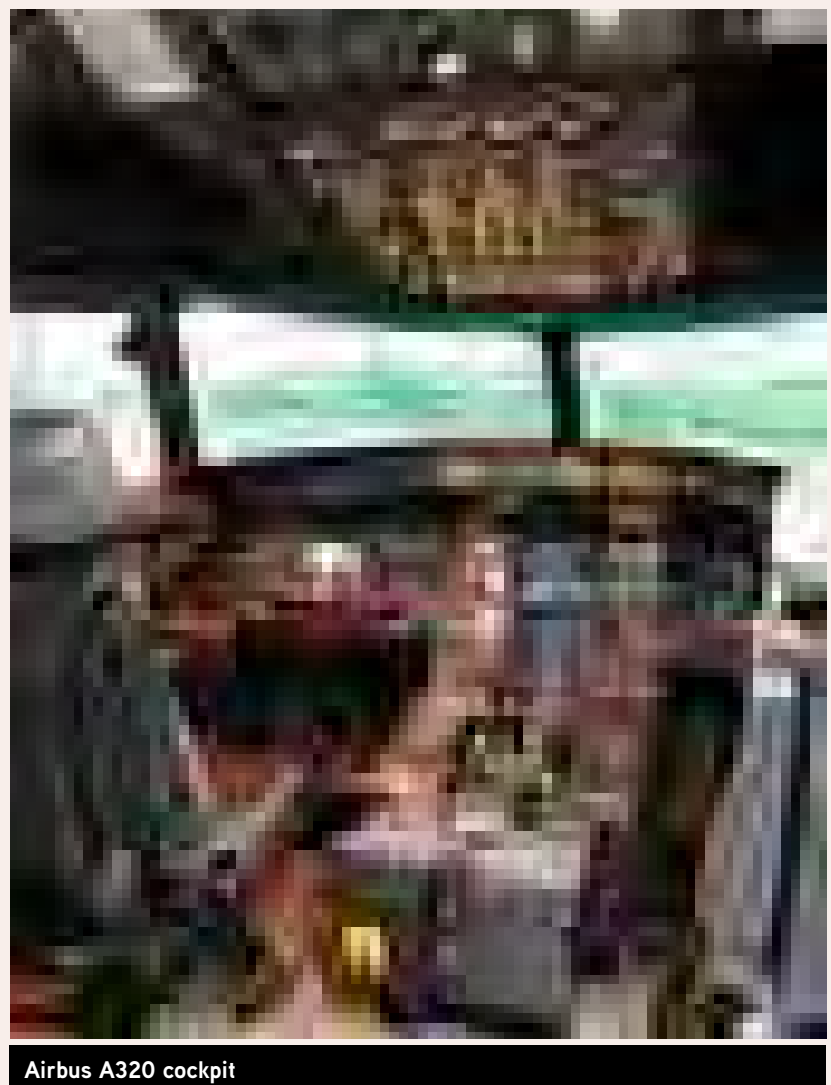
In addition, AACE offers non-aviation training programmes for corporate organisations. In March 2014, it obtained 'Approved Training Provider' status

from the Ministry of Human Resource Malaysia to conduct trainings under the Human Resources Development Fund (HRDF). To date, no less than 10 programmes have been held under this banner while AACE continues to explore other alternative revenue streams.

Total revenue for the year grew by 25% to RM107.1 million while AACE's net income stood at RM48.5 million. Both its top and bottom line results exceeded AACE's own targets by 25.7% and 151.3% respectively. Of the total revenue, RM58.8 million was from AirAsia Group and RM48.3 million from third parties.

While seeking to grow, AACE has also worked hard to strengthen its credentials; and in December 2015 was rewarded by being ISO 9001:2003 Quality Systems certified. The certification places our training organisation on a firmer footing to capture a bigger share of the aviation training market in Asean by setting up more centres within this region.

There is also much scope to increase its simulator utilisation, and AACE is looking at innovative ways to achieve this. Having made some strategic investments in assets in the last few years, our training arm has certainly earned its stripes in the aviation training industry. And as this sector expands, we expect AACE to grow with it.



Airbus A320 cockpit

BUSINESS
REVIEW

SOCIAL MEDIA

Always There for You



During the long weekend on which India's Independence Day fell, our Social Media team was out in full force at one of the most crowded train stations in Delhi, the capital city. Every year, at every long weekend, there will be many train cancellations or delays, leaving hundreds stranded in the country's main train stations. Our team therefore had a mission: to enable a family whose train was delayed or cancelled to fly in order to be able to celebrate a reunion back home. They found just one family, whose train to Goa had been cancelled. When our team offered them free flights, they couldn't believe their luck. Interestingly, the father, Mr Rambeer Singh, works in an airport but had never flown anywhere before.

The entire episode was captured on video and posted on Facebook, touching the hearts of thousands of others who could relate to this family's ordeal. The

responses we got from the campaign was fantastic. Suddenly AirAsia India became a friend in need.

The #FreedomToFly campaign reflects what social media means to AirAsia. We engage with our guests and fans on social media not just to market products (although this is, of course, one of its many functions) but to truly connect with the growing AirAsia fan base. By constantly communicating with our friends and fans, we are able to get closer to them, understand them and add colour to their lives... both online and offline.

The campaign was also not unusual in taking our Social Media team to the ground. We regularly organise on-ground events in the different markets that we are in to get to know our fans better. While interacting online enables us to respond instantaneously to our guests,

meeting them in physical reality deepens our relationship with them by enabling us to put human faces to our virtual communications.

In Bangkok, the team put smiles on many faces when it shot a cute, candid video of the antics of three 'pandas' (symbolic of China) interacting with the public on busy streets as part of a wider campaign to promote Thai AirAsia's destinations in China. The video, posted on YouTube, depicted the pandas bottle-feeding a baby, giving out balloons to bemused passers-by, helping to sweep the roads and even breaking out into a mob dance. It generated much hype and, more importantly, increased general awareness of the airline's connectivity with China.

Another campaign to increase awareness, this time of the AirAsia Asean Pass which was launched in February, was the Asean Traveller. For a month from 11 June, fans were requested to submit video entries from which our team selected the best five social media characters, namely a Beach Specialist, Pro-Foodie, Selfie Expert, Instagram Artist and Extreme Daredevil, who subsequently would go to experience the convenience of travelling across Asean with the pass for free. The campaign truly caught the imagination of those bitten by the travel bug, drawing over 2,000 entries for each category, creating a buzz about the travel pass.

And, of course, when the Free Seat campaigns come by, or when we launch new routes or other services, these are captured on our social media before any other public domain, a sure way of keeping our fans glued to our platforms.

GIVEN THE VERY SOCIAL NATURE OF AIRASIA AS A COMPANY, OUR SOCIAL MEDIA INITIATIVES MAY LOOK NATURAL AND EFFORTLESS. THE FACT IS THAT MUCH THOUGHT GOES INTO KEEPING OUR CHANNELS OF COMMUNICATION RELEVANT AND EXCITING. THE TEAM DOES NOT ONLY FOCUS ON CREATING FANFARE, IT ALSO HAS TO KEEP A FIRM EYE ON THE BASICS OF GROWING ITS FAN BASE AND ENSURING STRONG CONTENT IN ALL THE MARKETS WE ARE IN.

Towards this end, it keeps a close track on social media trends as they emerge, especially in our foreign markets, and adopts home-grown platforms that are popular among the local communities. In 2015, for example, they added Kakao Story in South Korea and Viber Public Chat in the Philippines, making AirAsia active on 12 social media platforms namely Facebook, Twitter, Weibo, YouTube, Instagram, LINE, WeChat, Google+, Pinterest and LinkedIn, in addition to the two newbies. This had the desired effect, helping to increase our fan base by a significant 279%.

In terms of numbers, we were most excited about growth seen in Thailand, where we hit one million Facebook fans this year. To celebrate the milestone, we gave away 100 limited edition Thai AirAsia Facebook jackets with 'Like' cards and... naturally... ran a campaign to qualify our fans for the freebies. This itself attracted over 2,000 submissions.

Key to the success of our social media interaction is to stay true to three golden rules – to listen, be transparent and engage. In so doing, our fans have come to realise that we really do hear what they have to say. Because of their trust in our commitment to respond, they constantly tweet us feedback on their booking,

check-in and on-board experience – some of these live, requiring immediate action. And we do step up to the occasion whenever we can. For example, when a particular guest tweeted there was a long queue at a certain station, we forwarded the feedback to the relevant station head and, immediately, extra staff were assigned to assist our guests.

By responding immediately and with a genuine desire to help, we have been able to convert negative experiences into memorable occasions. Philip Allen, for example, tweeted being unhappy with the way his baggage was handled, following which one of our Allstars provided him with all the assistance possible to manage the situation, inspiring Philip to subsequently tweet: "Mr. Hakim's zeal and fortitude sets the bar when it comes to customer service."

Our efforts to connect with fans and friends have led to several awards over the years. In 2015, six more were added to the list.

In October, we were placed among the Top 3 Airlines in Asia Pacific for excellence in social media and won for the Best Handling of a Crisis Situation at the

SimpliFlying Awards, held in Las Vegas. Meanwhile, the most prolific tweeter in AirAsia – our Group CEO Tan Sri (Dr.) Tony Fernandes – was presented a special individual award for Leadership in Social Media. The SimpliFlying Awards, established in 2010, are the longest-running awards dedicated to airlines on social media.

AirAsia also won the Malaysia Social Media Week (MSMW) 2015 Social Media Excellence Award in Malaysia while in the Philippines our affiliate garnered the Over-all Share of Voice Awardee (Airline Category) and Most Positively Perceived Page (Airline Category) from AllFamous Digital in May.

Having got it right in our social interaction with guests, we are now targeting to do the same for the people closest to our hearts – our Allstars. Intent on creating a vibrant social media environment within the Group itself, our Social Media team is working hard on social advocacy among employees. Collaborating with the Google team and our own internal Culture team, the aim is to get our over 17,000 Allstars to connect more frequently with each other using Google Enterprise. By sharing our stories and experiences, we will become an even closer-knit family, always there not only for our guests but for each other too.

