BUSINESS REVIEW

ANCILLARY

Creating More Value

SANTAN: AirAsia's restaurant in the sky

LAST YEAR, IT WAS GOURMET COFFEE. THIS YEAR, IT IS GOURMET FOOD. WE'RE TALKING ABOUT WHAT OUR GUESTS CAN EXPECT ON BOARD OUR FLIGHTS.

As of November 2015, we have extended our menu with award-winning dishes. Knowing how much Asians love our food, and how visitors to the region are also enamoured by the delicate interplay of spices in our cuisine, we decided to sponsor a segment of popular TV show MasterChef Asia, in which contestants were asked to prepare a favourite dish they had discovered from their travels. The winning entry was a typical north Indian meal of Stuffed Paratha with Dhal and Tomato Chutney, by Priya Barve of India. After winning over the judges' tastebuds, this delectable item was made available on certain AirAsia Group flights.

AirAsia is constantly on the look-out for new additions to the portfolio of what we call our ancillary services. These are the little 'frills' that guests can choose to make their flight more enjoyable, convenient and even more secure, at a minimal cost. While serving to enhance our guests' experience, ancillary offerings play an important role in our overall operations as they represent a significant source of income to the Group.

In 2015, we derived a total of RM1.139 billion from our ancillary business, which represented 18% of the Group's total revenue. To keep growing our ancillary income, we have dedicated teams that look into building the business. Their focus is on three areas: introducing new ancillary products, adding to existing products, and optimising the pricing structure of products.

NEW PRODUCTS

Other than stuffed parathas, we expanded our menu with Teriyaki Chicken Rice Cake, Smoked Chicken Pizza Sandwich, Tomato Rice with Ayam Percik, Chicken Satay Wrap, Vegetable Pasta with Roast Chicken, Thai Basil Chicken with Rice, Javanese Ayam Penyet with Rice, Nasi Dagang with Chicken Curry, and Bukhara Chicken Briyani. For the Christmas season, we also launched Shepherd's Pie.

These dishes were introduced as part of a rebranding of our in-flight menu from AirAsia Cafe to Santan, a more sophisticated name that reflects our desire to serve an enhanced gourmet experience featuring cuisine from across Asean. Along with the name change, we also introduced sweet endings to meals with a Maximise Your Meal option. Despite these changes, guests can rest assured that perennial favourites, such as Pak Nasser's Nasi Lemak and Kamal's Mee Goreng Mamak, have earned a permanent place on our menu. While they may be considered street food, they definitely qualify as gourmet offerings for having delighted millions of our guests over the years!

To avoid wastage, all AirAsia guests are encouraged to pre-book their meals. This allows them to save up to 20% as compared to purchasing their meals on board, while also guaranteeing that they will get to enjoy their favourites dishes.

We also introduced a new Empty Seat option, which enables guests to purchase one or two seats in a row during web check-in. This service, launched in mid-November, supplements Pick A Seat which allows guests to choose where they sit, and whether they would like a Hot Seat, which affords more leg room, or a more Standard option.

Meanwhile, catering specifically to guests flying from Kuala Lumpur to one of the Thai islands of Koh Samui or Koh Phangan, we have partnered with transport operators in Surat Thani to enable the beach-seekers to book coach rides from the airport to the ferry terminal, and then ferry transfers to the islands. These Island Transfers save holiday-makers the hassle of having to deal with different operators on the ground and reduces the time taken to get to their final destination.

And to allow guests to share in the joys of travelling with AirAsia, we launched the AirAsia Electronic Gift Voucher (eGV) in mid-November. The timing was ideal for those struggling to find the perfect Christmas gift for their loved ones.

PRODUCT AUGMENTATION

In 2014, we made waves when we became the first airline in Malaysia to offer WIFI on board our planes. At only RM6, guests had access to 3MB of data usage on WeChat, WhatsApp and LINE. In July 2015, this service was extended with the addition of Twitter and KakaoTalk. Finally, in December 2015, the roKKi Combo Plan was introduced offering guests 10MB data usage for RM18 with access to Gmail, Outlook, WhatsApp, WeChat, LINE, KakaoTalk, Viber and Twitter apps. This WIFI service is available on about 2,600 flights each month, a number that will increase as more aircraft are equipped with the technology required to support the offering.

Targeting Premium guests (business travellers), we have strengthened our value-add services for Premium Flex. By choosing this option, guests get to enjoy several ancillary services packaged together, namely seat selection, in-flight meals and priority boarding. In 2015, we added Fastrack Immigration to this list, debuting the service at klia2, Johor Bahru and Kuching where dedicated counters have been set up for Premium guests to check in. The intention is to prepare more airports to offer this facility.

OPTIMISING REVENUE

Check-in baggage is the highest ancillary revenue earner for the Group. However, we realised that we could further increase our income from this service by fine-tuning the pricing mechanism employed. Accordingly, in 2015, this was adjusted leading to a 9% growth in revenue from Baggage Supersize from RM431 million in 2014 to RM469 million.

Fly-Thru, which allows guests to connect from one flight within the AirAsia Group onto another without having to check-in again, is also becoming an important revenue earner. To maximise the potential of earning connecting fees from this service, we are increasing the number of city pairings that allow guests to literally 'fly-thru', and have added a new Fly-Thru hub – Manila – to the existing hubs in Kuala Lumpur, Bangkok, Jakarta and Bali. During the year, guests made 1.62 million Fly-Thru connections, resulting in a 28% increase in revenue year-on-year from the fees to RM47.3 million.

RedBox, the courier service we introduced in August 2014, has also done very well in its first full year, earning RM12.6 million in revenue. While establishing itself as a competitive e-commerce logistics provider for customers such as Zalora, the RedBox team has also extended its service to personal users, with the Personal Parcel and Pinoy Parcel, the latter catering to Filipinos working abroad who wish to send items back home. For both e-commerce and personal customers, a new service called Red Cube was launched specifically for parcels weighing more than 50kg. This, in fact, was its biggest revenue contributor for the year.

We also derived more revenue from third-party driven ancillary services such as insurance and advertising. Concerted efforts by our partners resulted in a higher travel protection take-up rate as well as use of advertising space on AirAsia aircraft, our website, travel 3Sixty° magazine and collaterals (such as meal trays, overhead lockers and passenger steps). Consequently, our commission from insurance grew 39% year-on-year from RM57.4 million to RM79.7 million; and 79% year-on-year from advertising. The greatest increase in advertising revenue was from the online channel, which expanded by 187% from RM1.7 million to RM4.8 million.

BUNDLES OF GOODIES

In 2016, we will be adopting a new concept in ancillary service to add even more value to our guests, by bundling certain services together and offering attractive discounts for the packages as opposed to getting them a la carte.

At the same time, we will continue to optimise our income from increasingly popular products such as check-in baggage, seat options, insurance and advertising, and further expand our product portfolio with more on-ground services, for example transport. There are plans to grow our airport transfer service via coach and train as well as by taxi, while we look to extend the Island Transfer currently available in Surat Thani to Langkawi, for guests wishing to travel to Koh Lipe. Premium guests, meanwhile, can look forward to even better offerings with Premium Flex.

These initiatives will be complemented by the most basic upgrade of all, namely that of our portal. We will continue to review and enhance the user-friendliness of our website and ensure the most seamless transition to sites for booking our ancillary items.

P.S. Santan and Barista in The Sky were shortlisted in the 2016 Onboard Hospitality Awards under the Catering Innovation of The Year category, with our Barista service making it as a Top 3 finalist. This was occasion to be proud as Onboard Hospitality (OBH) is a leading industry magazine covering airline, rail and cruise hospitality worldwide, and AirAsia was the only low-cost carrier in the world to be shortlisted as finalists for the award.

The good news is, soon, you will be able to order your in-flight meal and take it away with you too. Next on the menu is a new packaging which will allow guests to re-heat their favourite AirAsia meals back in their hotels or home. A great way to land a gourmet yet affordable meal!

AirAsia Electronic Gift Voucher

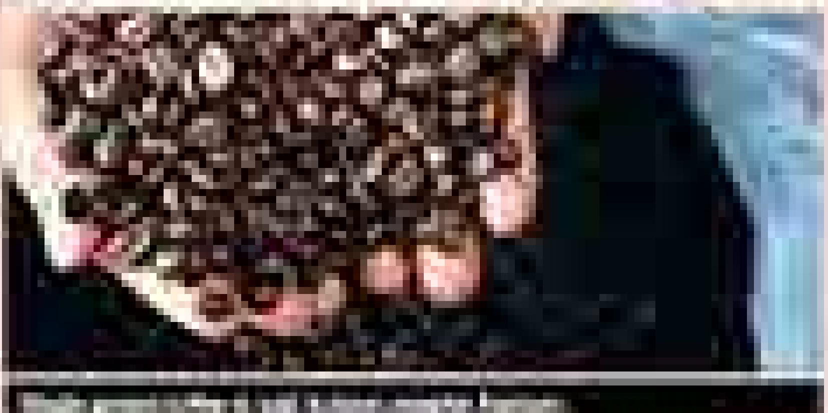
Extra Seat Option which enables guest to purchase one or two seats in a row for a fee

SUSTAINABILITY REPORT

When AirAsia was established 14 years ago…

WE MADE A PLEDGE TO ENABLE EVERYONE TO FLY.

DEVELOPING VIBRANT COMMUNITIES



A TRULY ALLSTAR WORKPLACE

A STRONGER PRESENCE IN THE MARKETPLACE


COMBO PLAN
MYR18
AirAsia

AN ENVIRONMENT OF CONSCIOUSNESS

MOVING FORWARD, WE HAVE A REEF CLEAN-UP PROJECT PLANNED FOR MAY, AND SMALLER-SCALE PROJECTS IN THE MONTHS LEADING UP TO ANOTHER LARGE-SCALE #GREEN24 AT YEAR END!

OUR SAFETY COMMITMENT

WE ARE COMMITTED TO ENSURING THAT SAFETY EXCELLENCE IS INTEGRAL TO OUR DAY-TO-DAY AVIATION ACTIVITIES, AS WE REALISE THIS IS CRUCIAL TO THE SUSTAINABILITY OF OUR BUSINESS. SAFETY VALUES ARE AT THE CORE OF THIS COMPANY, UNDERLINING OUR COMMITMENT TO PROVIDING OUR ALLSTARS AND GUESTS WITH THE SAFEST POSSIBLE ENVIRONMENT.

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STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of AirAsia Berhad ("the Company" or "AirAsia") is committed to ensure good corporate governance are applied throughout the Group. Save as disclosed otherwise, the Board considers that it has complied throughout the year under review with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code"), Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and Corporate Governance Guide: Towards Boardroom Excellence ("CG Guide"). The following sections explain how the Company applies the principles and supporting principles of the Code, MMLR and CG Guide.

A. DIRECTORS

Roles and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Company and the Group, to formulate policies and strategy, to actively oversee and monitor management's performance and has assumed the following to ensure the effectiveness of the Board and to discharge its fiduciary and leadership functions:

- Reviewing and adopting strategic corporate plans and programmes for the Company;
- Approving the Company's annual budget, including major capital commitments and carries out periodic review of the achievements against business targets;
- Approving new ventures;
- Approving material acquisitions and disposals of undertakings and properties;
- Identifying principal risks and to ensure implementation of appropriate internal control system and mitigation measures to manage these risks;
- Overseeing and evaluating the conduct of the Company's business;
- Monitoring and if necessary approving changes to the management and control structure within the Company and its subsidiaries, including key policies, delegated authority limits;
- To consider emerging issues which may be material to the business affairs of the Group;
- To ensure that the Company has a proper succession plan for its senior management and Executive Director;
- Developing and implementing of an investor relations program;
- Reviewing adequacy and integrity of the Company's management information and system of internal controls; and
- Any other matters which are required to be approved by the Board pursuant to the applicable rules, laws and regulations.

The Board Charter of the Company can be downloaded from the Company's website. The Board Charter will be reviewed on an annual basis.

Board Balance and Meetings

The Board consists of nine (9) Members, the details are given on page 55 of this Annual Report as follows:-

- One (1) of the Board Member is the Non-Independent Executive Chairman;
- One (1) is the Non-Independent Executive Director and Group Chief Executive Officer;
- One (1) is the Executive Director and Chief Executive Officer;
- One (1) is the Non-Independent Non-Executive Director;
- One (1) is the Senior Independent Non-Executive Director; and
- Four (4) are the Independent Non-Executive Directors.

Five (5) of the Non-Executive Directors fulfill the criteria of independence as defined in the MMLR. The high proportion of Independent Non-Executive Directors (more than fifty percent) provides for effective checks and balances in the functioning of the Board and reflects AirAsia's commitment to uphold excellent corporate governance.

Dato' Fam Lee Ee is the Senior Independent Non-Executive Director to whom all concerns of shareholders and other stakeholders may be conveyed.

Dato' Fam Lee Ee has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and he was approved by the shareholders of the Company during the 22nd Annual General Meeting held on 3 June 2015 to continue serving as a Senior Independent Non-Executive Director of the Company. The Board has recommended him to continue to act as a Senior Independent Non-Executive Director based on the following justifications:

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

STATEMENT ON CORPORATE GOVERNANCE

Dato' Fam Lee Ee is also the Chairman of the Nomination and Remuneration Committee ("NRC").

The Board had appointed Dato' Sri Gnanaraja A/L M. Gnanasundram as an Independent Non-Executive Director of the Company on 21 December 2015. Subsequent to the resignation of Mr. Uthaya Kumar A/L K Vivekananda on 4 January 2016, Dato' Mohamed Khadar Bin Merican was appointed as an Independent Non-Executive Director of the Company on 16 February 2016.

The Company observes the requirements of the Code to have majority independent directors in the event the Chairman is not an independent Director of the Company which the Company has complied.

All the Board members do not hold more than 5 directorships in other public listed companies in Malaysia.

The roles of the Chairman, Group Chief Executive Officer ("GCEO") and the Chief Executive Officer ("CEO") are separate with a clear division of responsibilities between them. This segregation of duties ensures an appropriate balance of role, responsibilities and accountability at the Board level, such that no one individual has unfettered powers of decision.

The Limits of Authority manual ("LOA manual") is in place and defines decision making limits for each level of management within the Group. The LOA manual provides a clear guidance to the management as to the matters over which the Board reserves authority and those which it delegates to management. The LOA manual serves as a guideline to enable control over capital and operational expenditure and other key approval points. These limits cover among others, authority for payments, investment, capital and revenue expenditure spending limits, budget approvals, contract commitment and other non-financial authority. This LOA manual provides a framework of authority and accountability within the organisation and facilitates decision making at the appropriate level in the organisation's hierarchy.

The size, balance and composition of the Board support the Board's role, which is to determine the long term direction and strategy of the Group, create value for shareholders, monitor the achievement of business objectives, ensure that good corporate governance is practised and ensure that the Group meets its other responsibilities to its shareholders, other stakeholders and guests.

The Non-Executive Directors are persons of high calibre and integrity. They collectively bring their professional experience in legal and finance, general management and exposure in both commercial and private sector. The Non-Executive Directors devote sufficient time and attention as necessary in order to perform their duties. Other professional commitments of the Non-Executive Directors are provided in their biographies on page 55 of this Annual Report. The Board requires that all Independent Directors are independent in character and judgement; who do not participate in the day-to-day management of the Company and do not involve themselves in the business transactions or relationships with the Group, in order not to compromise their independence.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage. Our diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, gender, ethnicity, age and other attributes of Directors. Besides, the Company maintains a good mix of diversity in the senior management of the Company.

The Board, through the NRC, will take steps to ensure that women candidates are sought as part of its recruitment exercise. Selection of women candidates to join the Board will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and contributions the candidate can bring to the Board.

The NRC also reviews the composition of the Board and the Board's committees annually. During the year under review, the Board had conducted the assessments on the performance of the Board and Board committees as well as the performance of the individual Board and Committee members. During the financial year, the NRC had also reviewed and assessed the independence of the Independent Directors of the Company.

Board meetings for each financial year are scheduled well ahead before the end of the preceding financial year so that the Directors can plan accordingly and fit the year's Board meetings into their respective schedules.

The Board holds regular meetings of no less than five (5) times a year. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.

The Board maintains a formal schedule of matters specifically reserved for the Board's decision to ensure that the direction and control of the Company is firmly in its hands.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year ended 31 December 2015, the Board held a total of eight (8) meetings and the details of Directors' attendances are as set out below:

Name:	No. of Meetings Attended
Datuk Kamarudin bin Meranun	5 Note 1
Tan Sri (Dr.) Anthony Francis Fernandes	6 Note 1
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	8
Dato' Fam Lee Ee	6
Dato' Sri Gnanaraja A/L M. Gnanasundram	- Note 2
Aireen Omar	8
Robert Aaron Milton	5 Note 3
Amit Bhatia	7
Uthaya Kumar A/L K Vivekananda	8
Stuart L Dean	2 Note 4

Note 1: 2 Special Board of Directors' Meetings in the year 2015, Datuk Kamarudin Bin Meranun and Tan Sri (Dr.) Anthony Francis Fernandes were not present as they were required to abstain from all the deliberations in related party transactions.
Note 2: Dato' Sri Gnanaraja A/L M. Gnanasundram was appointed on 21 December 2015.
Note 3: Mr. Robert Aaron Milton resigned on 3 June 2015.
Note 4: Mr. Stuart L Dean was appointed on 15 June 2015.
Note 5: Mr. Uthaya Kumar A/L K Vivekananda resigned on 4 January 2015.

Supply of Information

Prior to the Board Meetings, all Directors will receive the agenda and a set of Board meeting papers containing information for deliberation at the Board Meetings. This is to accord sufficient time for the Directors to review the Board papers and seek clarifications that they may require from the Management or the Company Secretary. The Board has appointed a qualified Company secretary who is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators. Urgent papers may be presented and tabled at the Board meetings under supplemental agenda. The Board meeting papers are presented in a concise and comprehensive format. Board meeting papers tabled to the Directors include progress reports on the Group's business operations; detailed information on business propositions; quarterly and annual financial statements, corporate proposals including where relevant, supporting documents such as risk evaluations and professional advice from solicitors or advisers and report on the directors' dealings in securities, if any. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

The Directors are required to disclose to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company. An interested Director will abstain from all deliberations and voting on the said transaction. In the event that shareholders' approval is required for a corporate proposal, the interested Director, if he is a shareholder as well, shall abstain from voting on the resolution pertaining to the corporate proposal and ensure persons connected to them similarly abstain from voting on the resolution.

Any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense. Directors have access to all information and records of the Group and also the advice and services of the Company Secretary, who also serve in that capacity in the various Board Committees. The Company Secretary also serves notice to Directors on the closed periods for trading in AirAsia's shares, in accordance with Chapter 14 on Dealings in Listed Securities of the MMLR.

Appointments to the Board

The Group has implemented procedures for the nomination and election of Directors via the NRC. The NRC will assess the nominee(s) for directorship and Board Committees membership by reviewing the profile and interviewing the nominee(s) and thereupon submitting their recommendation to the Board for decision.

The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme for Directors of Public Listed Companies ("MAP").

Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Company's operating centre to have an insight on the Company's operations which could assist the Directors to make effective decisions.

STATEMENT ON CORPORATE GOVERNANCE

For the year under review, the Directors had continuingly kept abreast with the development in the market place with the aim of enhancing their skills, knowledge and experience.

Among the training programmes, seminars and briefings attended by Directors during the year were as follows:

Name	Programmes	
Datuk Kamarudin Bin Meranun	• Crisis Communications Workshop • "The Story" Conference • Bumipreneurs of Tomorrow (Bahtera) Conference	
Tan Sri (Dr.) Anthony Francis Fernandes	• World Economic Forum, Davos • Regional ASAM Conference, Bangkok • ASEAN Aviation Summit 2015, Langkawi • Credit Suisse 18th Asian Investment Conference, Hong Kong • ABC Asean Business Club Forum, Singapore • EASA-FAA International Aviation Safety Conference, Brussels • World Economic Forum, Dalian • LCC Airport Summit, Bangkok • CLSA Investors Forum, Hong Kong • Whats Next Conference, Cyberjaya • Global Transformation Forum, Kuala Lumpur • APEC, Manila • ASEAN Summit, Manila • Global Malayalee Symposium, Kuala Lumpur • RHB Banking Group Leaders Talk, Kuala Lumpur	
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	• CG Breakfast Series with Directors - The Boards Response in Light of Rising Shareholder Engagements	
Dato' Fam Lee Ee	• "Market Outlook" talk organised by United Overseas Bank (Malaysia) Berhad • Annual Meeting of Malaysia-China Joint Business Council Meeting in Kuala Lumpur • Malaysia-China (Guangdong) Economic & Trade Cooperation Conference in Guangzhou, PRC • CG Breakfast Series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom organised by Bursa Malaysia, The Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA)	• Malaysia-China High Level Economic Forum in Kuala Lumpur • World Chinese Economic Summit in London
Aireen Omar	• World Economic Forum (Annual Meeting @ Davos) 2015 • Maybank's ASEAN Capital Market CEO Summit 2015 • ASEAN Treasury Summit • LIMA – The ASEAN Aviation Summit 2015 • Credit Suisse 18th ASIAN Investment Conference • 2nd Annual Myanmar Civil Aviation Development Conference 2015 • World Economic Forum on East Asia • ASEAN Business Club Forum 2015 • CLSA Investors Forum 2015 • World Economic Forum (Industry Strategy Meeting) • Hainan – ASEAN Entrepreneurs' Forum • 16th Annual Asia Pacific Airfinance Conference • AEAN Business & Investment Summit	**Aireen was one of the speakers for the following training programmes:** • My ASEAN Internship Official Launch Ceremony • ASEAN Treasury Summit • 2nd Annual Myanmar Civil Aviation Developmen Conference 2015 • LIMA – The ASEAN Aviation Summit 2015 • ASEAN Business Club Forum 2015 • UEM Group Lecture Series • The First iLead Conference 2015 • CAPA LCC Airports Congress 2015 • World Bank Group – Global Tourism & Development Event @ Washington DC
Dato' Sri Gnanaraja A/L M. Gnanasundram	• MAP	
Stuart L Dean	• MAP • Invitation To The New Auditor's Report – Sharing The UK Experience organised by Audit Oversight Board, Securities Commission Malaysia	

All Directors were also updated by the Company Secretary on changes to the MMLR and relevant guidelines on the regulatory and statutory requirements. The external auditors also briefed Audit Committee ("AC") members on the significant changes in financial reporting standards as well as tax matters, if any.

STATEMENT ON CORPORATE GOVERNANCE

Apart from the above, during the financial year under review, Mr. Amit Bhatia did not attend other training programmes as he had not identified any training courses that were of particular benefit to his role as Director of AirAsia.

Re-election of Directors

The Articles of Association of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting ("AGM"). All Directors are also required to retire once in every three years, and if eligible to offer themselves for re-election. The Articles of Association also provide that a Director who is appointed by the Board in the course of the year shall be subjected to re-election at the next AGM to be held following his appointment. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Board Committees

To assist the Board in discharging its duties, various Board Committees have been established. The functions and terms of reference are clearly defined and, where applicable, comply with the recommendations of the Code.

The AC comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

The Chairman of the AC would report to the Directors at Board meetings, of any salient matters raised at the AC meetings and which require the Board's notation, approval or decision.

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the AC. The AC also reviews the risk management framework, processes and reports.

Further information on the composition, summary terms of reference and other information relating to the AC are set out on pages 149 to 152 of this Annual Report.

The NRC comprises three Non-Executive Directors, namely:

Chairman: Dato' Fam Lee Ee
(Senior Independent Non-Executive Director)

Members: Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
(Non-Independent Non-Executive Director)
Dato' Sri Gnanaraja A/L M. Gnanasundram
(Independent Non-Executive Director)

The primary responsibility of the NRC in accordance with its terms of reference is to assist the Board with the following functions:

For Nomination:
- To assess, interview and recommend new nominees for appointment to the Board and Board Committees (the ultimate decision as to whom shall be nominated should be the responsibility of the full Board after considering the recommendations of such a Committee).
- To review the required mix of skills and experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.
- To assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.
- To review the Board's succession planning.
- To review and determine the appropriate training programmes for the Board as a whole.

The Board, through the NRC, had carried out a review on the composition of the Board and is satisfied that the size and composition of the Board is adequate with the appropriate mix of knowledge, skills, attributes and core competencies.

For Remuneration:
- To review and to consider the remuneration of Executive Directors in accordance with their skills, experience and responsibilities and make recommendations to the Board on the remuneration packages of each Executive Director.
- To provide an objective and independent assessment of the benefits granted to the Executive Directors.
- To conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance.
- Annual review of the overall remuneration policy for Directors for recommendation to the Board.

The Company maintains transparent procedures in determining the remuneration policy for Directors. Executive Directors play no part in decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors is a matter for the Board as a whole. All the individual Directors concerned abstained from discussing their own remuneration.

STATEMENT ON CORPORATE GOVERNANCE

The Safety Review Board ("SRB") was established in August 2005 with the purpose of providing Board level oversight and input to the management of Safety within AirAsia's operations. The Board appoints the Chairman of the Committee and a meeting is held each quarter to review progress and trends in relation to Flight Safety & Airworthiness, Incident Reports, Investigations and recommendations and Flight Data Analysis and Recommendations. The Committee comprises two Non-Executive Directors and one Executive Director, namely:

Chairman: Mr. Stuart L Dean
(Independent Non-Executive Director)

Member: Cik Aireen Omar
(Executive Director and CEO)
Dato' Mohamed Khadar Bin Merican
(Independent Non-Executive Director)

Other members include relevant operations personnel, safety and security specialists from AirAsia and from our affiliates in Thailand, Indonesia and Philippines. A report is provided to the Board each quarter.

The Investment Committee ("IC") was established on 20 August 2014 to review, evaluate, recommend and monitor any investment(s) made or to be made by the Company and/or its subsidiaries. The Committee comprises two Independent Non-Executive Directors and one Executive Director, namely:

Chairman: Mr. Amit Bhatia
(Independent Non-Executive Director)

Members: Tan Sri (Dr.) Anthony Francis Fernandes
(Non-Independent Executive Director and GCEO)
Mr. Stuart L Dean
(Independent Non-Executive Director)

B. DIRECTORS REMUNERATION

The remuneration package comprises the following elements:

1. Fee

The fees payable to each of the Non-Executive Directors for their services on the Board are based on the basic Board fee and their respective additional responsibilities on the Board's committees during the year. Any proposed revision would be recommended by the NRC to the Board for final approval by shareholders of the Company at the AGM.

2. Basic salary

The basic salary for each Executive Director is recommended by the NRC and approved by the Board, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar positions in other comparable companies internationally. Salaries are reviewed annually.

3. Bonus scheme

The Group operates a bonus scheme for all employees, including the Executive Directors. The criteria for the scheme are dependent on various performance measures of the Group, together with an assessment of each individual's performance during the period. The bonus for the Executive Directors is recommended by the NRC and approved by the Board.

4. Benefits-in-kind

Other customary benefits (such as private medical care, travel coupons, etc.) are made available as appropriate.

5. Service contract

The Executive Chairman, GCEO and CEO each have a three-year service contract with AirAsia.

STATEMENT ON CORPORATE GOVERNANCE

6. Directors' share options

There are currently no share options for the Directors.

Details of the Directors' remuneration are set out in Note 2 of the Audited Financial Statements on pages 188 to 189 of this Annual Report. Whilst the Code has prescribed for individual disclosure packages, the Board is of the view that the transparency and accountability aspects of Corporate Governance in respect of the Directors' remuneration are appropriately and adequately addressed by the band disclosure in the said Note 2.

C. SHAREHOLDERS

Investor Relations

The Company is committed to maintaining good communications with shareholders and investors. Communication is facilitated by a number of formal channels used to inform shareholders about the performance of the Group. These include the Annual Report and Financial Statements and announcements made through Bursa Malaysia, as well as through the AGM.

Members of senior management are directly involved in investor relations through periodic roadshows and investor briefings in the country and abroad with financial analysts, institutional shareholders and fund managers.

Reports, announcements and presentations given at appropriate intervals to representatives of the investment community are also available for download at the Group's website at www.airasia.com. Shareholders may obtain the Company's announcements on its website or via the Bursa Malaysia's website at "http://www.bursamalaysia.com".

Any queries or concerns regarding the Group may be directed to the Investor Relations Department at investorrelations@airasia.com.

AGM

Given the size and geographical diversity of our shareholders' base, the AGM is another important forum for shareholders interaction. All shareholders are notified of the meeting and are provided with a copy of the Group's Annual Report at least 21 days before the meeting is held.

At the AGM, the GCEO and the CEO will conduct a brief presentation on the Group's performance for the year and future prospects. The Chairman and all Board Committee chairmen where possible will be present at the AGM to answer shareholders' questions and hear their views during the meeting. Shareholders are encouraged to participate in the proceedings and engage with dialogue with the Board and Senior Management. The extract of the minutes of AGM for the year 2015 is available on the Company's website.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to ensure that the quarterly reports, annual audited financial statements as well as the annual review of operations in the Annual Report reflect full, fair and accurate recording and reporting of financial and business information in accordance with the MMLR of Bursa Malaysia.

Timely release of announcements on quarterly financial reports reflects the Board's commitment to provide transparent and up-to-date disclosures of the performance of the Company and its group of subsidiaries.

The Directors are also required by the Companies Act, 1965 to prepare the Group's annual audited financial statements with all material disclosures such that they are complete, accurate and in conformance with applicable accounting standards and rules and regulations. The AC assists the Board in overseeing the financial reporting process.

AC and Internal Control

The Board's governance policies include a process for the Board, through the AC to review regularly the effectiveness of the system of internal control as required by the Code. A report on the AC and its summary terms of reference is presented on pages 149 to 152 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

The Board has overall responsibility for the Group's system of internal control, which comprises a process for identifying, evaluating and managing the risks faced by the Group and for regularly reviewing its effectiveness in accordance with the Code.

The Board confirms that this process was in place throughout the year under review and up to the date of approval of these financial statements. The primary aim is to operate a system which is appropriate to the business and which can, over time, increase shareholders' value whilst safeguarding the Group's assets. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Statement on Risk Management and Internal Control is set out in pages 153 to 154 of this Annual Report.

Relationship with the External Auditors

The Board, through the AC, has maintained appropriate, formal and transparent relationship with the external auditors. The AC meets the external auditors without the presence of management, whenever necessary, and at least twice a year. Meetings with the external auditors are held to further discuss the Group's audit plans, audit findings, financial statements as well as to seek their professional advice on other related matters. From time to time, the external auditors inform and update the AC on matters that may require their attention.

The Board is satisfied that the external auditors has met all the qualification criteria for appointment of an external auditors and hereby recommends to the shareholders at its coming AGM for its re-appointment for the financial year ending 31 December 2016 at a remuneration to be determined by the Directors.

E. OTHERS

Corporate Disclosure Policy and Procedures

AirAsia observes the continuing disclosure obligation imposed upon a listed issuer by Bursa Malaysia. A Corporate Disclosure Policy and Procedures was approved by the Board, which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. In this respect, the Company follows the disclosure guidelines and regulations of Bursa Malaysia's CG Guide.

Material information will in all cases be disseminated via Bursa Malaysia and other means.

Code of Conduct/Ethics

The Company had formalised ethical standards through a Code of Conduct and will ensure its compliance. The Code of Conduct is published on the Company's website. The Directors are also required to observe the Code of Ethics established by the Companies Commission of Malaysia in furtherance of their duties.

Whistleblowing Program

In order to improve the overall organisational effectiveness and to uphold the integrity of the Company in the eyes of the public, the Company has updated the whistleblowing program during the year which acts as a formal communication channel where all stakeholders can communicate their concerns in cases where the Company's business conduct is deemed to be contrary to the Company's common values.

All concerns should be addressed to the Group Head - Internal Audit who will then assess all concerns reported and recommend the appropriate action, and subsequently:

- Compile all reports received and submit to the Chairman of the AC; and
- Report to Management on behalf of the AC the results of the investigation for further action.

All details pertaining to the name and position of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

This statement is made in accordance with a resolution of the Board of Directors of AirAsia dated 31 March 2016.

AUDIT COMMITTEE REPORT

SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE

A. Composition

The Committee shall comprise at least three Non-Executive Directors appointed by the Board of Directors. All the members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors. All members of the Committee shall be financially literate and at least one member shall:

(i) be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years of working experience and:-
- he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(iii) fulfills other requirements as prescribed or approved by the Exchange.

B. Roles and responsibility

The primary roles and responsibilities of the Committee with regards to the AirAsia Group's Internal Audit department, External Auditors, Financial Reporting, Related Party Transactions, Risk Management, Annual Reporting and Investigations are as follows:

Internal Audit

- Mandate the Internal Audit department to report directly to the Committee;
- Review the adequacy of the scope, functions, competency and resources of the Internal Audit department, and that it has the necessary independence and authority to carry out its work, which should be performed professionally and with impartiality and proficiency;
- Review Internal Audit Reports and ensure that appropriate and prompt remedial action is taken by Management on lapses in controls or procedures that are identified by Internal Audit;
- Review the Internal Audit Reports relating to the AirAsia Group's affiliates;
- Review the appraisal or assessment of the performance of Members of the Internal Audit function;
- Approve the appointment or termination of the Group Head - Internal Audit and Senior Staff Members of Internal Audit;
- Take cognisance of resignations of Internal Audit staff and the reasons for resigning;
- Review the results of ad-hoc investigations performed by internal auditors and the actions taken relating to those investigations;
- Review the results of internal assessment performed on the internal audit function;
- Review the results of the external assessment performed on the internal audit function;
- Review the adequacy of the Internal Audit Charter; and
- Approve the Internal Audit Charter, which defines the purpose, authority, scope and responsibility of the Internal Audit function within the Group.

External Auditor

- To consider the appointment of the External Auditor, Audit fees, resignation or dismissal of the External Auditor;
- To submit a copy of written representation or submission of External Auditors' resignation to the Exchange;
- Monitor the effectiveness of the External Auditors' performance and their independence and objectivity;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- Review major findings raised by the External Auditors and management's responses, including the status of the previous audit recommendations;
- To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of management where necessary);
- To provide a line of communication between the Board and the External Auditors;
- Review the extent of assistance and co-operation extended by the Group's employees to the External Auditors;
- The Committee shall review and monitor the provision of non-audit services by the External Auditors and to ensure that they comply with the external audit independence policy; and
- The Committee is responsible for requesting from the Group's external auditors on a periodic basis, a formal written statement delineating all relationships between the External Auditors and the Group, consistent with International Standard on Auditing 260 modified as appropriate by the Malaysian guidelines for auditors independence, and to obtain confirmation from them that they are, and have been, independent throughout the conduct of the audit engagement.

AUDIT COMMITTEE REPORT

Financial Reports and Bursa Malaysia Announcements

To review the quarterly and year-end financial statements of the Group and Company, and reports to Bursa Malaysia focusing particularly on:

- any change in accounting policies and practices, and the implementation of such changes;
- significant and unusual events;
- significant adjustments arising from the audit;
- litigation that could affect the results materially;
- the going concern assumption;
- compliance with accounting standards, other legal requirements and regulatory requirements;
- where necessary, make appropriate recommendations to the Board for approval; and
- review and ensure corporate disclosure policies and procedures of the Group (as they pertain to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR.

Related Party Transactions

- To review any related party transactions and conflict of interest situations and, where appropriate, make recommendations to the Board for approval that such transactions are at arm's length and are in the best interest of the Group or Company; and
- To review the process used to procure the shareholders' mandate for recurrent related party transactions.

Risk Management

- To develop and inculcate a risk awareness culture within the Group;
- To review risk management strategies, frameworks and policies of the Group to ensure key risks are systematically identified, monitored and controlled;
- To ensure resources and systems are in place for the risk management function; and
- To oversee specific risk management concerns raised by business units.

Annual Report

- Report the Audit Committee's activities for the financial year.
- The Committee must prepare for the Board's consideration and approval, a draft of the Audit Committee Report to be set out in the Group's annual report. This draft report must disclose amongst others:
- The Committee's composition, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
- The Committee's terms of reference;
- The number of Committee meetings held during the financial year, details of attendance of each Committee member and the details of relevant training attended by each Committee member;
- A summary of Committee's activities in discharging its functions and duties for the financial year; and
- A summary of the activities of the internal audit function or activity.
- To review the Statement on Risk Management and Internal Control and the Statement on Corporate Governance prior to their inclusion in the Company's Annual Report.

Investigations

- To consider major findings of internal investigations and management's response; and
- To review the Company's procedures for detecting fraud and whistle blowing.

Internal Control

- To evaluate the overall adequacy and effectiveness of the system of internal controls including information technology controls, the Group's financial, audit and accounting organisations and personnel and the Group's policies and compliance procedures with respect to business practices, through a review of the results of work performed by internal and external auditors and discussions with key Senior Management; and
- To review the employee code of business practice, vendor code of business practice, the whistle-blowing policy and the outcome of any defalcation cases investigated.

Review of the Committee

- To conduct a self-assessment exercise to evaluate the Committee's overall effectiveness in discharging its responsibilities and report the results of the self-assessment to the Board.

AUDIT COMMITTEE REPORT

Annual Review of the Terms of Reference of the Committee

- Review and reassess the adequacy of the terms of reference of the Committee on a periodic basis, and where necessary obtain the assistance of management, the Group's external auditors and external legal counsel, and recommend proposed changes to the Board for approval.

Other Matters

To consider any other matters as directed by the Board.

C. Authority and powers of the Audit Committee

In carrying out its duties, the Audit Committee shall, at the cost of the Company:

- have authority to investigate any matter within its Terms of Reference;
- have full, free and unrestricted access to the Group's and Company's records, properties, personnel and other resources;
- have full and unrestricted access to any information regarding the Group and Company;
- have direct communication channels with the External Auditors and person(s) carrying out the internal audit function;
- be able to obtain independent professional or other advice; and
- convene meetings with the External Auditors, Internal Auditors or any other professional advisors, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Committee is authorised to promptly report such matters to the Exchange.

D. Meetings

a) The Committee shall meet at least four (4) times a year and at such other times as the Chairman shall decide;
b) The quorum for an Audit Committee Meeting shall be at least two (2) members. The majority present must be Independent Directors;
c) The External Auditor has the right to appear and be heard at any meeting of the Committee;
d) The Group Chief Executive Officer/Chief Executive Officer has to attend the meetings to assist in the deliberations and resolutions of matters raised;
e) The Group Chief Financial Officer, Chief Financial Officer and the Group Head of Internal Audit of the Group and the Company shall attend the meetings to assist in deliberations and resolution of matters raised. However, at least twice a year, the Committee shall meet with the External Auditors without the presence of management;
f) The Company Secretary shall act as Secretary of the Committee;
g) The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee; and
h) The Committee at each Board Meeting will report a summary of significant matters discussed at the Committee meetings.

The Terms of Reference summarised above were revised and approved by the Board of Directors of AirAsia on 19th day of November 2014.

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

A summary of the activities performed by the Committee during the financial year ended 31 December 2015 ("Financial Year") is set out below.

Composition of the Audit Committee and Attendance of meetings

A total of thirteen (13) meetings were held for the Financial Year. The members of the Committee together with the details of their attendance at the Committee meetings held during the year were as follows:

Name	Directorship	No. of Meetings attended
Uthaya Kumar A/L K Vivekananda *(Chairman of the Committee)*	Independent Non-Executive Director	13[Note 1]
Dato' Fam Lee Ee	Senior Independent Non-Executive Director	12
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	Non-Independent Non-Executive Director	13

Note 1: Mr. Uthaya Kumar A/L K Vivekananda resigned as the Independent Non-Executive Director of the Company and ceased as the Chairman of the Committee on 4 January 2016. Dato' Mohamed Khadar bin Merican was then appointed as the Independent Non-Executive Director of the Company and Chairman of the Committee on 16 February 2016.

AUDIT COMMITTEE REPORT

The Committee meets on a scheduled basis at least once in every two months. The GCEO, CEO, the Group Chief Financial Officer ("GCFO"), the Chief Financial Officer ("CFO") and the Group Head of Internal Audit are invited to attend the meetings to assist in the deliberations as and when necessary. The External Auditors are also invited to discuss their Audit Plan, Audit Report, Management Letter, Internal Control Report and other reports as and when necessary.

Internal Audit

- Approved the Group's Internal Audit Plan, scope and budget for the financial year.
- Reviewed the results of Internal Audit Reports and monitor the implementation of management action plans in addressing and resolving issues.
- Reviewed the adequacy and competencies of Internal Audit function to execute the Annual Audit Plan.

Risk Management

- Reviewed and evaluated the Risk Management Framework and Policy.
- Reviewed the key risk profile for the Company.
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the 2015 Annual Report.

External Audit

- The Committee reviewed Messrs PricewaterhouseCoopers ("PwC") overall work plan and recommended to the Board their remuneration and Terms of Engagement as External Auditors.
- The Committee considered in detail the results of the audit, PwC's performance and independence and the effectiveness of the overall audit process.
- The Committee recommended PwC's re-appointment as Auditors to the Board and this resolution will be put to shareholders at the AGM.
- The Committee was also updated by PwC on changes to the relevant guidelines on the regulatory and statutory requirements, including updates on the Malaysian Reporting Financial Statements.
- Deliberated and reported the results of the annual audit to the Board of Directors.
- Met with the External Auditor without the presence of management to discuss any matters that they may wish to present.

Financial Reporting

- Reviewed and deliberated on the Quarterly Financial Announcements and Annual Audited Financial Statements prior to submission to the Board of Directors for consideration and approval.

Related Party Transactions

- Reviewed the related party transactions entered into by AirAsia Berhad Group in conformity to the established procedures in adherence to the MMLR.

INTERNAL AUDIT FUNCTION

AirAsia Group has a well-established in-house Internal Audit ("IA") to assist the Board to oversee that Management has in place a sound risk management, internal control and governance system. The IA maintains its impartiality, proficiency and due professional care by having its plans and reports directly under the purview of the Committee. IA function is also guided by its Audit Charter that provides for its independence and reflects the roles, responsibilities, accountability and scope of work of the department. The IA reports functionally to Audit Committee and administratively to the GCEO.

The principal responsibility of IA is to undertake regular and systematic reviews of the systems of internal controls, so as to provide reasonable assurance that the systems continue to operate efficiently and effectively. The IA implements risk based auditing in establishing the strategic and annual audit plan, being the main factor in determining the areas or units to be audited.

The audits cover the review of the adequacy of risk management, the strength and effectiveness of the internal controls, compliance to both internal and statutory requirement, governance and management efficiency, amongst others. Areas for improvement and audit recommendations are forwarded to the management for attention and further actions. Management is responsible to ensure that corrective actions are implemented within the required time frame. The audit reports which provide the results of the audit conducted are submitted to the Audit Committee for review. Key control issues and recommendations are highlighted to enable the Committee to execute its oversight function.

The Audit Committee reviews and approves the IA's human resource requirements to ensure that the function is adequately resourced with competent and proficient Internal Auditors. Total operational costs of the IA department for 2015 was RM1,948,033.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board remains committed to complying with the Code which "... requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and the Company's assets" and guided by the Bursa Malaysia's MMLR Paragraph 15.26 (b) and Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The Board is pleased to issue the following Statement on Risk Management & Internal Control for the financial year ended 31 December 2015.

RESPONSIBILITY

The Group aims to achieve the highest standards of professional conduct and ethics, to raise the bar on accountability and to govern itself in accordance to the relevant regulations and laws. To achieve long term shareholder value through responsible and sustainable growth, the Group has established and maintains an internal control system that incorporates various control mechanisms at different levels throughout the Group. The Board is responsible for reviewing the effectiveness of these control mechanisms. Due to the limitations inherent in any such system, this is designed to manage rather than eliminate risk and to provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

This process has been in place throughout the year and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in the Annual Report and is regularly reviewed by the Board. Management is responsible for assisting the Board implement policies and procedures on risk and control by identifying and assessing the risks faced, and in the implementation of suitable remedial actions to enhance operational controls and risk management. Indeed, the first level of assurance comes from business operations which perform the day-to-day operational risk through comprehensive system of internal controls. The Board is informed of major issues on internal controls, regulatory compliance and risk taking.

The Board has received assurance from the GCEO, CEO, GCFO and CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review is sound and adequate to safeguard the shareholders' investment, the interest of customers, regulators and employees and the Group's assets.

INTEGRATING RISK MANAGEMENT WITH INTERNAL CONTROL SYSTEM

The Board continues to rely on the enterprise risk management framework to manage its risks and to form the basis of the internal audit plan. Effective risk management is particularly challenging as the Group operates in a rapidly changing environment. The process of risk management is ongoing where the coverage includes the Group's associated companies. Risk profiling and assessments for all business divisions and associated companies have been performed during the development of the annual audit plan which was presented, deliberated and approved by the Audit Committee ("AC").

The Board relies significantly on the Group's internal auditors to carry out audits of the various operating units based on the risk-based approved audit plan.

KEY RISK MANAGEMENT & INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and effectiveness of the Group's risk management and internal control system are described below:

Risk Management

- The Board has delegated the responsibility of reviewing the effectiveness of risk management to the AC supported by the risk management function;
- A written Risk Management Framework & Policy is in place. The Policy outlines the Group's underlying approach to risk and risk management, process, structure, tools etc. Subsequent changes to the Policy would be reviewed and recommended by the AC to the Board;
- Effectiveness of the risk management system is monitored and evaluated on an on-going basis through continuous monitoring and evaluation on the Group's risk management system; and
- Additionally, the AC reviews and assesses the adequacy of these risk management policies and ensure infrastructure, resources and systems are in place for effective risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Audit

- The Board has extended the responsibilities of the AC to include the assessment of internal controls, through the Internal Audit ("IA") function. The AC, chaired by an independent non-executive director reviews the internal controls system and findings of the internal auditors and external auditors;
- The IA is an independent function that reports directly to the AC. The IA assists the Committee and the Board by performing regular and systematic review of the internal controls, financial and accounting matters, compliance with operational policies and procedures, and ensuring that internal controls are adequate to meet the Group's requirements. Audits are carried out on all units and stations, the frequency of which is determined by the level of risks assessed. The selection of auditable areas to be audited is based on risk based audit methodology taking into consideration input of the senior management and the Board;
- Management is responsible for ensuring that corrective actions to address control weaknesses are implemented within a defined time frame. The status of implementation is monitored through follow-up audits which are also reported to the AC;
- The conducts of internal audit work is governed by the Internal Audit Charter, which is approved by the AC. The AC also reviews the adequacy of scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work. The IA is also guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors; and
- The AC also reviews and considers matters relating to internal controls as highlighted by the external auditors in the course of their statutory audit of the Group's financial statements.

The Board and Operational Committees

- The Board has established an organisational structure with clearly defined lines of responsibilities, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong internal control environment;
- The Board has established the Board Committees with clearly defined delegation of responsibilities within the definition of terms of reference and organisation structures. These committees include Nomination and Remuneration Committee ("NRC"), AC, Investment Committee ("IC") and Safety Review Board ("SRB") which have been set up to assist the Board to perform its oversight functions. The Committees have the authority to examine all matters within their scope and report to the Board with their recommendations; and
- Operational committees have also been established with appropriate empowerment to ensure effective management and supervision of the Group's core business operations. These committees include the Financial Risk Committee, Quality and On-Time Performance Committee where meetings are held frequently to address emerging issues, concerns and action plans.

Other Key Controls

- Policies and procedures of core business processes are documented in a series of Standard Operating Procedures and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs;
- Heads of Department present their annual budget, including financial and operating targets and capital expenditure plans for the approval of the CEO. The Group annual budget is prepared and tabled for Board approval. These budgets and business plans are cascaded throughout the organisation to ensure effective execution and follow through. Actual performance is compared against budget and reviewed by the Board;
- The Group has implemented a formal performance appraisal system for all levels of employees;
- The Group undertakes adequate insurance and ensures physical safeguard on assets are in place to ensure that the assets are sufficiently covered against any mishap that will result in material losses. AirAsia Aviation Insurance provides coverage for the following:
  - Aviation Hull and Spares All Risks and Liability;
  - Aviation Hull and Spares War and Allied Perils (Primary and Excess);
  - Aircraft Hull and Spares Deductible; and
  - Aviation War, Hi-jacking and Other Perils Excess Liability (Excess AVN52); and
- The Group acknowledges the importance of leveraging on Information Technology (IT) to promote effectiveness and efficiency of business operations. Heavy reliance on IT may pose emerging cyber security threats, hence AirAsia Cyber Risk Management programme is in place to manage the cyber security risk, the Cyber Risk Management programme includes:
  - Establishing Information Security Management System to design, implement and maintain a coherent set of policies, processes to manage information risks; and
  - Conducting penetration test, system vulnerability assessment and review to minimize IT security incidents.

The statement also caters for the state of internal controls in material associated companies. The associates are in progress of fully adopting the Group's risk management and internal control. The disclosure in this statement does not include the risk management and internal control practices of the Group's material joint venture. There was no material loss incurred as a result of internal control weaknesses.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the MMLR of Bursa Malaysia:-

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2015 ("Financial Year").

2. SHARE BUY-BACK

During the Financial Year, the Company had obtained approval at its Extraordinary General Meeting held on 15 December 2015 to purchase up to ten percent (10%) of its issued and paid-up share capital at the point of purchase pursuant to Section 67A of the Companies Act, 1965, Chapter 12 of the MMLR and subject to any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities. The Company did not exercise any share buy-back during the Financial Year.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the Financial Year.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any options, warrants and convertible securities during the Financial Year.

5. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the Financial Year.

6. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company by the External Auditors for the Financial Year were RM642,000 for tax advisory services rendered.

7. VARIATION IN RESULTS

There were no profit estimations, forecasts or projections made or released by the Company during the Financial Year.

8. PROFIT GUARANTEE

During the Financial Year, the Group and the Company did not give any profit guarantee.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interests still subsisting at the end of the Financial Year.

10. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting ("AGM") held on 3 June 2015, the Company had obtained a shareholders' mandate to allow the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature.

ADDITIONAL COMPLIANCE INFORMATION

The breakdown of the aggregate value of the RRPTs entered into by the Group during the financial period from 3 June 2015 to 31 December 2015 is as follows:

	Transacting Parties	Nature of RRPTs	Class and relationship of the Related Parties	Actual Value
Revenue/income				
1.	AirAsia X Berhad ("AAX")	Provision of the following range of services by our Company to AAX: (a) Commercial - Sales and distribution - Sales support - Direct channel - Branding and Creative • Protection of brand to ensure proper public perception is built • Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding • Creative includes graphic designs supporting branding activities - Web team: Manage, plan, build and develop airasia.com website - Marketing - Ancillary (b) Treasury - Fuel procurement - Fuel hedging (c) Quality Assurance - Credit card fraud unit (d) Cargo (e) Manpower cost (affiliate of companies in China) (f) IT Internal Audits (g) Ground Operations (h) Group Inflight Ancillary (i) Engineering (j) Legal (k) Operations Control Centre (l) Corporate Quality (m) Flight Attendant Department (n) Innovation, Commercial and Technology - Involves all services related to information technology	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM4,254,000
2.	AAX	Provision of the rights by our Company to AAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM2,624,000
3.	AAX	Provision of charter services to Beirut, Lubnan to be provided by AAX for the Malbatt contingent	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM280,000

ADDITIONAL COMPLIANCE INFORMATION

	Transacting Parties	Nature of RRPTs	Class and relationship of the Related Parties	Actual Value
Revenue/income				
4.	AAX	Provision of the following shared services by AGSS to AAX: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) Sourcing and procurement operation support services	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM2,444,000
5.	Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) ("TPB")	Provision of the right to access our Company's customer database by our Company to TPB to conduct telesales marketing on TPB's and/or third party insurance products and the provision of management services by TPB to our Company's travel insurance business	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM23,000
6.	Tune Insurance Malaysia Berhad	Provision of travel insurance to our customers for journeys originated from Malaysia resulting in sales commission received by our Company	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM11,769,000
7.	Thai AirAsia X Co. Ltd ("TAAX")	Provision of the rights by our Company to TAAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	USD1,884,000
8.	TAAX	Provision of price risk management through fuel hedging by our Company with hedging counterparties, on behalf of TAAX	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	-
9.	PT Indonesia AirAsia Extra ("IAAX")	Provision of price risk management through fuel hedging by our Company with hedging counterparties, on behalf of IAAX	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	-
10.	IAAX	Provision of the rights by our Company to IAAX as a licensee to operate scheduled air services under the trade name and livery of AirAsia	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	USD361,000
11.	AirAsia (India) Limited ("AAI")	Provision of price risk management through fuel hedging by our Company with hedging counterparties, on behalf of AAI	**Interested Directors** Tan Sri (Dr.) Tony Fernandes Amit Bhatia	-

ADDITIONAL COMPLIANCE INFORMATION

	Transacting Parties	Nature of RRPTs	Class and relationship of the Related Parties	Actual Value
Revenue/income				
12.	AAI	Provision of leasing of aircraft by AACL	**Interested Directors** Tan Sri (Dr.) Tony Fernandes Amit Bhatia	USD11,637,000
13.	AAI	Provision of the following services by our Company to AAI: (a) Network Regulatory; (b) Quality & Assurance; (c) Treasury; (d) Engineering; (e) Operations Control Centre; (f) Audit (Investigation); (g) Flight Attendant Department; and (h) Inflight Business.	**Interested Directors** Tan Sri (Dr.) Tony Fernandes Amit Bhatia	-
14.	AAI	Provision of the following shared services by AGSS to AAI: (a) Finance and accounting support operation services; (b) People department support operation services; and (c) Information and technology operation support services.	**Interested Directors** Tan Sri (Dr.) Tony Fernandes Amit Bhatia	RM1,623,000
15.	Tune Money Sdn. Bhd. ("Tune Money")	Sale and distribution of Tune Money's prepaid card products to our customers resulting in a share of net profits from such sales with our Company	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM10,000
16.	Think BIG Digital Sdn. Bhd. ("Think BIG")	Revenue from ticket sales and/or other ancillary sales arising from redemption of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	RM1,140,000
Expense				
17.	QPR Holdings Limited	Provision of full shirt sponsorship by our Company to Queens Park Rangers Football Club ("QPR") which is contingent upon QPR being promoted into the premier league (GBP3,050,000) and bonuses which is contingent upon QPR winning the Capital One Cup and/or FA Cup (GBP1,550,000)	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin	GBP200,000
18.	Think BIG	Purchase of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin **Interested Major Shareholder** Tune Air	-

ADDITIONAL COMPLIANCE INFORMATION

	Transacting Parties	Nature of RRPTs	Class and relationship of the Related Parties	Actual Value
19.	Rokki Avionics	Purchase and maintenance of an inflight entertainment and connectivity solutions	**Interested Directors and Major Shareholders** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin	USD3,254,000
20.	Caterhamjet Global Ltd. ("CaterhamJet")	Provision of Bombardier Global Express aircraft operated by CaterhamJet and maintenance support for the aircraft to our Company	**Interested Directors** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin	RM9,092,000
21.	Tune Group Sdn. Bhd. ("Tune Group")	Secondment of personnel from Tune Group to our Company for the purposes of operating Bombardier Global Express aircraft operated by CaterhamJet	**Interested Directors** Tan Sri (Dr.) Tony Fernandes Datuk Kamarudin	RM1,646,000

The shareholdings of the interested Directors and interested Major Shareholders in the Company as at 18 March 2016 are as follows:

	Direct		Indirect	
	No. of Shares	**%**	**No. of Shares**	**%**
Interested Directors				
Tan Sri (Dr.) Anthony Francis Fernandes	1,600,000	0.06	*525,042,082	18.87
Datuk Kamarudin Bin Meranun	2,000,000	0.07	*525,042,082	18.87
Interested Major Shareholder				
Tune Air Sdn. Bhd.	525,042,082	18.87	-	-

Note:

* Deemed interested via their interests in Tune Air Sdn. Bhd., being the Major Shareholder of our Company pursuant to Section 6A of the Companies Act, 1965.

Please refer to the note of Section 2.3 of the Circular to shareholders dated 12 May 2015 and 29 April 2016 respectively on the directorships and shareholdings of the interested directors and interested major shareholder in the transacting parties.

DIRECTORS' REPORT

The Directors hereby submit their annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of providing air transportation services. The principal activities of the subsidiaries are described in Note 9 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	541,280	72,609

DIVIDENDS

The dividends on ordinary shares paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2014,	
- a first and final single-tier dividend of 3 sen per ordinary share each on 2,782,974,080 ordinary shares of RM0.10 each, paid on 2 July 2015	83,489

The Directors now recommend a first and final single-tier dividend in respect of the financial year ended 31 December 2015 of 4 sen per share on 2,782,974,080 ordinary shares of RM0.10 each amounting to RM111,318,963, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL AND DEBENTURES

There was no issuance of shares and debentures during the financial year.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Datuk Kamarudin Bin Meranun	
Tan Sri (Dr.) Anthony Francis Fernandes	
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	
Dato' Fam Lee Ee	
Aireen Omar	
Amit Bhatia	
Stuart L Dean	Appointed on 15 June 2015
Dato' Sri Gnanaraja A/L M. Gnanasundram	Appointed on 21 December 2015
Dato' Mohamed Khadar Bin Merican	Appointed on 16 February 2016
Robert Aaron Milton	Resigned on 3 June 2015
Uthaya Kumar A/L K Vivekananda	Resigned on 4 January 2016

DIRECTORS' REPORT

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2015, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 2 and Note 32 to the financial statements.

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and options over shares in the Company are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	**Acquired**	**(Disposed)**	**At 31.12.2015**
Direct interests in the Company				
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	95,000**	10,000	(105,000)	-
Tan Sri (Dr.) Anthony Francis Fernandes	1,600,000***	-	-	1,600,000
Datuk Kamarudin Bin Meranun	2,000,000***	-	-	2,000,000
Robert Aaron Milton	100,000****	-	(100,000)	-
Aireen Omar	-	50,000	-	50,000
Stuart L Dean	-	40,000	-	40,000
Indirect interests				
Tan Sri (Dr.) Anthony Francis Fernandes*	531,212,082	-	(2,670,000)	528,542,082
Datuk Kamarudin Bin Meranun*	531,212,082	-	(2,670,000)	528,542,082

* By virtue of their interests in shares in the substantial shareholder of the Company, Tune Air Sdn. Bhd. ("TASB"), Tan Sri (Dr.) Anthony Francis Fernandes and Datuk Kamarudin Bin Meranun are deemed to have interests in the Company to the extent of TASB's interests therein, in accordance with Section 6A of the Companies Act, 1965.

** Shares held under CIMSEC Nominees (Tempatan) Sdn Bhd

*** Shares held under CIMB Group Nominees (Tempatan) Sdn Bhd

**** Shares held under HDM Nominees (Asing) Sdn Bhd.

According to the register of Directors' shareholdings, other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares or debentures of the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations as and when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the Income Statements and Note 3 to the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 31 March 2016.

DATUK KAMARUDIN BIN MERANUN
DIRECTOR

AIREEN OMAR
DIRECTOR

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A GENERAL INFORMATION

The principal activity of the Company is that of providing air transportation services. The principal activities of the subsidiaries are described in Note 9 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

The address of the registered office of the Company is as follows:

B-13-15, Level 13,
Menara Prima Tower B,
Jalan PJU1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

The address of the principal place of business of the Company is as follows:

LCC Terminal
Jalan KLIA S3
Southern Support Zone
KL International Airport
64000 Sepang
Selangor Darul Ehsan

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 March 2016.

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note C.

(b) Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2015:

- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle
- Amendments to MFRS 119 "Defined Benefit Plans: Employees Contributions"

The adoption of these amendments did not have any impact on the current or any prior year and are not likely to affect future periods.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2016. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendment to MFRS 11 'Joint arrangements' (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 'Business Combination' when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendments to MFRS 116 'Property, plant and equipment' and MFRS 138 'Intangible assets' (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment is not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company are in the process of assessing the full impact of the above standards, amendments to published standards and interpretations on the financial statements of the Group and of the Company in the year of initial application.

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in a joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised. Where an entity loses joint control over a joint venture but retains significant influence, the Group does not re-measure its continued ownership interest at fair value.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted using the equity method of accounting together with any long-term interests that, in substance, form part of the Group's net investment in the associate. In this regard, a receivable for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the Group's investment in that associate. This does not include receivable for which adequate collateral exists. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note B(s) on borrowing costs).

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Significant parts of an item of property, plant and equipment are depreciated separately over their estimated useful lives in accordance with the principle in MFRS 116 'Property, Plant and Equipment'. Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

The useful lives for this purpose are as follows:

Aircraft	
- engines and airframe excluding service potential	25 years
- service potential of engines and airframe	8 or 13 years
Aircraft spares	10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Buildings	
- simulator	28.75 years
- hangar	50 years
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years
Office renovation	5 years
Simulator equipment	25 years
Operating plant and ground equipment	5 years
In-flight equipment	5 years
Training equipment	5 years

Service potential of 8 years represents the period over which the expected cost of the first major aircraft engine overhaul is depreciated. Subsequent to the engine overhaul, the actual cost incurred is capitalised and depreciated over the subsequent 8 years.

Service potential of 13 years represents the period over which the expected cost of the first major airframe check is depreciated. Subsequent to the airframe check, the actual cost incurred is capitalised and depreciated over the subsequent 13 years.

Assets not yet in operation are stated at cost and are not depreciated until the assets are ready for their intended use. Useful lives of assets are reviewed and adjusted if appropriate, at the balance sheet date.

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates are adjusted accordingly on a prospective basis. For the current financial year ended 31 December 2015, the estimated residual value for aircraft airframes and engines is 10% of their cost (2014: 10% of their cost).

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of its engines and airframe. This cost, which can equate to a substantial element of the total aircraft cost, is amortised over the shorter of the period to the next checks or the remaining life of the aircraft.

The cost of subsequent major airframe and engine maintenance checks as well as upgrades to leased assets are capitalised and amortised over the shorter of the period to the next check or the remaining life of the aircraft.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note B(h) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Deposits on aircraft purchase are included as part of the cost of the aircraft and are depreciated from the date that aircraft is ready for its intended use.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Research and development – internally developed software

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

(ii) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(g) Investments in subsidiaries, joint ventures and associates

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are stated at cost less accumulated impairment losses.

Amounts due from associates of which the Company does not expect repayment in the foreseeable future are treated as part of the parent's net investment in associates. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see Note B(h)). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or as and when events or circumstances occur indicating that an impairment may exist. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets (continued)

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(i) Maintenance and overhaul

Owned aircraft

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned aircraft is described in the accounting policy for property, plant and equipment.

Leased aircraft

Where the Group has a commitment to maintain aircraft held under operating leases, provision is made during the lease term for the rectification obligations contained within the lease agreements. The provisions are based on estimated future costs of major airframe, certain engine maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the financial year.

(j) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Lessee

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

Property, plant and equipment acquired under finance lease contracts are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note B(e) above. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the lease period.

Sale and leaseback transactions

When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognised as income over the lease term. Any loss on the sale is immediately recognised as an impairment loss when the sale occurs.

If the leaseback is classified as an operating lease, then any gain is recognised immediately if the sale and leaseback terms are demonstrably at fair value. Otherwise, the sale and leaseback are accounted for as follows:

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (continued)

Lessee (continued)

Sale and leaseback transactions (continued)

If the sale price is below fair value then the gain or loss is recognised immediately other than to the extent that a loss is compensated for by future rentals at below-market price, then the loss is deferred and amortised over the period that the asset is expected to be used.

If the sale price is above fair value, then any gain is deferred and amortised over the useful life of the asset.

If the fair value of the asset is less than the carrying amount of the asset at the date of the transaction, then that difference is recognised immediately as a loss on the sale.

Lessor

Operating leases

Assets leased out by the Group under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Lease income (net of any incentives given to lessees) is recognised over the term of the lease on a straight line basis.

(k) Inventories

Inventories which comprise consumables used internally for repairs and maintenance are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less all applicable variable selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

(l) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges (see Note B(n)). Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'amounts due from associates, joint ventures and related companies' and 'deposits, cash and bank balances' in the balance sheets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (continued)

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement – gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note B(n) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in the income statement, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividends income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

(iv) Subsequent measurement – Impairment of financial assets

<u>Assets carried at amortised cost</u>

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the income statements.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(n) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note B(l). The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 18 to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'finance income/(costs)' and 'foreign exchange losses' (Note 5).

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Derivative financial instruments and hedging activities (continued)

Cash flow hedge (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'finance income/(costs)' and 'foreign exchange losses' (Note 5).

(o) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(p) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, bank balances, demand deposits and other short term, highly liquid investments with original maturities of three months or less, less bank overdrafts. Deposits held as pledged securities for term loans granted are not included as cash and cash equivalents.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

(r) Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share issue costs

Incremental external costs directly attributable to the issuance of new shares or options are deducted against share premium account.

(iii) Dividends distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

(s) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Borrowings and borrowing costs (continued)

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statements.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(t) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits including unused investment tax allowance can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures or associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the parent, investor or joint venturer and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the investor or joint venture is unable to control the reversal of the temporary difference for associates or joint ventures. Only where there is an agreement in place that gives the investor or joint venturer the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the employees of the Group.

(ii) Defined contribution retirement plan

The Group's contributions to the Employees' Provident Fund are charged to income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(v) Revenue and other income

Passenger seat sales are in respect of scheduled passenger flight and chartered flight income and are recognised upon the rendering of transportation services net of discounts. The revenue in respect of seats sold for which services have not been rendered is included in current liabilities as sales in advance.

Revenue from aircraft operating leases is recorded on a straight-line basis over the term of the lease.

Fuel and insurance surcharges, administrative fees, baggage fees, freight and ancillary sales are recognised upon the completion of services rendered. Related revenue is recognised upon the completion of services rendered and net of discounts.

Rental income and brand license fees are recognised on an accrual basis.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

The Group participates in a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. Award points are recognised as a cost of sale at the time of issue while revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed and the redemption value of each point. Award points expire 36 months after the initial sale.

(w) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses arising from operations are included in arriving at the operating profit. Foreign exchange gains and losses arising from borrowings (after effects of effective hedges) and amounts due from associates and joint ventures are separately disclosed after net operating profit.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Foreign currencies (continued)

(ii) Transactions and balances (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(x) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(y) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 'Revenue'.

GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer that makes strategic decisions.

C CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are explained below.

(i) Estimated useful lives and residual values of aircraft frames and engines

The Group reviews annually the estimated useful lives and residual values of aircraft airframes and engines based on factors such as business plans and strategies, expected level of usage, future technological developments and market prices.

Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives and residual values of aircraft airframes and engines as disclosed in Note B(e), would increase the recorded depreciation charge and decrease the carrying amount of property, plant and equipment. A reduction in 5% in the residual value of aircraft airframes and engines would increase the depreciation charge for the financial year ended 31 December 2015 by RM23,400,000 and RM20,921,000 and decrease the carrying amount of property, plant and equipment as at 31 December 2015 by RM76,000,000 and RM65,000,000 for the Group and Company respectively.

(ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of regulatory approvals for prospective routes, aircraft delivery, fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate.

(iii) Impairment of investment in associates and amounts due from associates

Management reviews the investment in associates amounts due from associates with reference to any evidence of impairment. This evidence may include observable data indicating that there has been an adverse change in working capital of the associates and the local economic conditions that correlate with the potential risk of impairment on the transactions. Impairment assessment is performed on the investment in associates amounts due from associates whenever events or changes in circumstance indicate indicator of impairment. This impairment assessment exercise requires significant judgment in estimating the valuation by the associates, which involved uncertainties and are significantly affected by assumptions used and judgment made regarding estimates of equity value in respect of fares, load factor, fuel price, maintenance costs and currency movements.

(iv) Sales and leaseback

Judgement is required in the initial classification of leases as either operating leases or finance leases and, in respect of finance leases, determining the appropriate discount rate implicit in the lease to discount minimum lease payments. The Group had accounted for the aircraft under the sale and leaseback arrangements as "operating lease" as the Group operates, but does not own, these aircraft. The Group has no right or obligation to acquire these aircraft at the end of the relevant lease terms. The present value of the minimum lease payments determined at the inception of the lease was not substantially all of the aircraft's fair value and the lease term under the arrangement is not a major part of the economic life of the aircraft.

INCOME STATEMENTS

for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	1(a)	6,297,658	5,415,744	6,001,933	5,415,744
Other income	1(b)	257,975	178,029	212,153	156,338
Operating expenses					
- Staff costs	2	(759,420)	(667,277)	(732,935)	(642,222)
- Depreciation of property, plant and equipment	8	(703,245)	(719,497)	(691,853)	(718,202)
- Aircraft fuel expenses		(2,000,650)	(2,254,237)	(2,000,650)	(2,254,237)
- Maintenance and overhaul		(196,883)	(149,411)	(196,637)	(149,411)
- User charges	4	(685,013)	(545,279)	(684,342)	(545,279)
- Aircraft operating lease expenses		(330,790)	(198,280)	(102,232)	(198,280)
- Other operating expenses	3	157,012	(233,760)	(695,277)	(260,909)
Operating profit		2,036,644	826,032	1,110,160	803,542
Finance income	5	154,148	121,869	127,004	121,836
Finance costs	5	(724,035)	(533,967)	(713,196)	(533,905)
Net operating profit		1,466,757	413,934	523,968	391,473
Foreign exchange losses on borrowings	5	(1,373,817)	(609,085)	(1,379,038)	(609,087)
Foreign exchange gains on amounts due from associates and joint ventures		601,708	190,293	601,708	190,293
Gain on disposal of interest in a joint venture	11	320,500	-	-	-
Share of results of joint ventures	10	25,492	57,266	-	-
Share of results of associates	11	(825,490)	(29,707)	-	-
Profit/(loss) before taxation		215,150	22,701	(253,362)	(27,321)
Taxation					
- Current taxation	6	(35,852)	(25,638)	(35,838)	(25,638)
- Deferred taxation	6	361,982	85,773	361,809	85,773
		326,130	60,135	325,971	60,135
Net profit for the financial year		541,280	82,836	72,609	32,814
Net profit for the financial year attributable to:					
- Owners of the Company		541,194	82,836		
- Non-controlling interests		86	-		
		541,280	82,836		
Earnings per share attributable to owners of the Company (sen)					
- Basic	7	19.4	3.0		
- Diluted	7	19.4	3.0		

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net profit for the financial year		541,280	82,836	72,609	32,814
Other comprehensive (loss)/income					
Items that may be subsequently reclassified to profit or loss					
Available-for-sale investments					
- Net change in fair values	12	(203,504)	(132,396)	(203,504)	(132,396)
- Transfer to profit or loss on disposal		-	(42,077)	-	(42,077)
Cash flow hedges		(335,664)	(222,239)	(335,664)	(222,239)
Share of other comprehensive income of an associate		(31,430)	(30,700)	-	-
Foreign currency translation differences		10,130	7,963	-	-
Other comprehensive loss for the financial year, net of tax		(560,468)	(419,449)	(539,168)	(396,712)
Total comprehensive loss for the financial year		(19,188)	(336,613)	(466,559)	(363,898)
Total comprehensive (loss)/income attributable to:					
- Owners of the Company		(19,274)	(336,613)		
- Non-controlling interests		86	-		
		(19,188)	(336,613)		

BALANCE SHEETS

as at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	8	10,927,645	12,533,535	9,805,655	12,527,171
Investment in subsidiaries	9	-	-	64,860	23,480
Investment in joint ventures	10	164,024	191,620	81,559	81,559
Investment in associates	11	1,020,640	230,454	712,398	3,760
Available-for-sale financial assets	12	235,097	384,790	235,097	384,790
Intangible assets	13	19,184	7,334	-	-
Deferred tax assets	14	828,950	466,968	828,777	466,968
Receivables and prepayments	15	1,412,242	1,132,504	1,385,308	1,113,924
Deposits on aircraft purchase	16	334,487	500,321	334,487	500,321
Amounts due from associates	17	1,142,119	2,301,528	1,034,869	2,213,755
Derivative financial instruments	18	945,490	381,686	945,490	381,686
		17,029,878	18,130,740	15,428,500	17,697,414
CURRENT ASSETS					
Inventories	19	26,152	18,152	26,152	18,152
Receivables and prepayments	15	617,422	682,909	536,340	638,026
Deposits on aircraft purchase	16	348,820	-	348,820	-
Derivative financial instruments	18	419,112	286,298	419,112	286,298
Amounts due from subsidiaries	20	-	-	406,225	173,953
Amounts due from joint ventures	21	5,708	51,188	5,708	34,432
Amounts due from associates	17	394,970	153,803	297,976	148,907
Amounts due from related parties	20	43,851	3,179	15,787	3,144
Tax recoverable		3,648	-	3,338	-
Deposits, cash and bank balances	22	2,426,696	1,337,849	2,262,641	1,319,085
		4,286,379	2,533,378	4,322,099	2,621,997

BALANCE SHEETS

as at 31 December 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
LESS: CURRENT LIABILITIES					
Trade and other payables	23	1,634,057	773,128	1,523,359	781,578
Sales in advance		664,251	502,810	662,330	501,962
Amounts due to subsidiaries	24	-	-	341,216	-
Amounts due to associates	17	-	55,110	-	55,110
Amounts due to related parties	24	13,661	24,693	13,661	24,693
Borrowings	25	2,377,256	2,274,928	2,251,537	2,274,928
Derivative financial instruments	18	582,491	472,204	582,491	472,204
Current tax liabilities		-	9,380	-	9,712
		5,271,716	4,112,253	5,374,594	4,120,187
NET CURRENT LIABILITIES		(985,337)	(1,578,875)	(1,052,495)	(1,498,190)
NON-CURRENT LIABILITIES					
Trade and other payables	23	1,043,994	1,212,044	1,013,936	1,212,044
Borrowings	25	10,235,579	10,453,090	9,431,567	10,453,090
Derivative financial instruments	18	237,898	248,095	237,898	248,095
Amounts due to associates	17	76,216	83,545	21,622	64,965
		11,593,687	11,996,774	10,705,023	11,978,194
		4,450,854	4,555,091	3,670,982	4,221,030
CAPITAL AND RESERVES					
Share capital	26	278,297	278,297	278,297	278,297
Share premium		1,230,941	1,230,941	1,230,941	1,230,941
Foreign exchange reserve		18,948	8,818	-	-
Retained earnings	27(a)	3,355,740	2,898,035	2,531,212	2,542,092
Other reserves	27(b)	(431,598)	139,000	(369,468)	169,700
		4,452,328	4,555,091	3,670,982	4,221,030
Non-controlling interests		(1,474)	-	-	-
Total equity		4,450,854	4,555,091	3,670,982	4,221,030

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

		Attributable to owners of the Company									
		Issued and fully paid ordinary shares of RM0.10 each									
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Cash flow hedge reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2015		2,782,974	278,297	1,230,941	8,818	(172,874)	311,874	2,898,035	4,555,091	-	4,555,091
Net profit for the financial year		-	-	-	-	-	-	541,194	541,194	86	541,280
Other comprehensive income/(loss)		-	-	-	10,130	(367,094)	(203,504)	-	(560,468)	-	(560,468)
Total comprehensive income/(loss)		-	-	-	10,130	(367,094)	(203,504)	541,194	(19,274)	86	(19,188)
Transactions with owners:											
Dividends	28	-	-	-	-	-	-	(83,489)	(83,489)	-	(83,489)
Non-controlling interest arising from business combination	9	-	-	-	-	-	-	-	-	(1,560)	(1,560)
At 31 December 2015		2,782,974	278,297	1,230,941	18,948	(539,968)	108,370	3,355,740	4,452,328	(1,474)	4,450,854
At 1 January 2014		2,781,064	278,106	1,229,068	855	80,065	486,347	2,926,491	5,000,932	-	5,000,932
Net profit for the financial year		-	-	-	-	-	-	82,836	82,836	-	82,836
Other comprehensive income/(loss)		-	-	-	7,963	(252,939)	(174,473)	-	(419,449)	-	(419,449)
Total comprehensive income/(loss)		-	-	-	7,963	(252,939)	(174,473)	82,836	(336,613)	-	(336,613)
Transactions with owners:											
Dividends	28	-	-	-	-	-	-	(111,292)	(111,292)	-	(111,292)
Issuance of ordinary shares											
- pursuant to the Employee Share Option Scheme	26	1,910	191	1,873	-	-	-	-	2,064	-	2,064
At 31 December 2014		2,782,974	278,297	1,230,941	8,818	(172,874)	311,874	2,898,035	4,555,091	-	4,555,091

COMPANY STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable			Distributable	
		Number of shares '000	Nominal value RM'000	Cash flow hedge reserve RM'000	Available-for-sale reserve RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015		2,782,974	278,297	(142,174)	311,874	1,230,941	2,542,092	4,221,030
Net profit for the financial year		-	-	-	-	-	72,609	72,609
Other comprehensive loss		-	-	(335,664)	(203,504)	-	-	(539,168)
Total comprehensive (loss)/income		-	-	(335,664)	(203,504)	-	72,609	(466,559)
Transactions with owners:								
Dividends	28	-	-	-	-	-	(83,489)	(83,489)
At 31 December 2015		2,782,974	278,297	(477,838)	108,370	1,230,941	2,531,212	3,670,982
At 1 January 2014		2,781,064	278,106	80,065	486,347	1,229,068	2,620,570	4,694,156
Net profit for the financial year		-	-	-	-	-	32,814	32,814
Other comprehensive loss		-	-	(222,239)	(174,473)	-	-	(396,712)
Total comprehensive (loss)/income		-	-	(222,239)	(174,473)	-	32,814	(363,898)
Transactions with owners:								
Dividends	28	-	-	-	-	-	(111,292)	(111,292)
Issuance of shares								
- pursuant to the Employee Share Option Scheme	26	1,910	191	-	-	1,873	-	2,064
At 31 December 2014		2,782,974	278,297	(142,174)	311,874	1,230,941	2,542,092	4,221,030

CASH FLOW STATEMENTS

for the financial year ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	215,150	22,701	(253,362)	(27,321)
Adjustments:				
Property, plant and equipment				
- Depreciation	703,245	719,497	691,853	718,202
- (Gain)/loss on disposals	(19,654)	4,690	(19,656)	4,690
Amortisation of intangible assets	24	-	-	-
Gain on disposal of available-for-sale financial assets	-	(42,077)	-	(42,077)
Impairment of property, plant and equipment	13,281	-	-	-
Impairment on available-for-sale financial assets	-	10,125	-	-
Impairment of trade and other receivables	17,523	30,651	17,523	24,853
Write-off of amount due from related party	5,247	-	5,247	-
Impairment of amount due from a subsidiary	-	-	-	14,984
Impairment of investment in associates	-	-	875,653	-
Fair value gain on derivative financial instruments	(937,678)	(212,398)	(937,678)	(212,398)
Share of results of joint ventures	(25,492)	(57,266)	-	-
Share of results of associates	825,490	29,707	-	-
Gain on disposal of interest in a joint venture	(320,500)	-	-	-
Net unrealised foreign exchange loss	1,268,394	639,614	1,265,653	640,586
Dividend income from:				
- an available-for-sale financial assets	(4,145)	(4,697)	(4,145)	(4,697)
- an associate	(48,064)	-	-	-
Interest expense	724,035	533,967	713,196	533,905
Interest income	(154,148)	(121,869)	(127,004)	(121,836)
	2,262,708	1,552,645	2,227,280	1,528,891
Changes in working capital:				
Inventories	(8,000)	11,368	(8,000)	11,368
Receivables and prepayments	(114,875)	(258,466)	(200,232)	(208,156)
Trade and other payables	782,652	101,432	676,787	187,931
Intercompany balances	(177,536)	(725,677)	(76,484)	(813,667)
Cash generated from operations	2,744,949	681,302	2,619,351	706,367
Interest paid	(658,177)	(470,613)	(647,338)	(470,551)
Interest received	148,280	106,576	121,135	106,543
Tax paid	(31,114)	(15,234)	(31,114)	(15,234)
Net cash from operating activities	2,203,938	302,031	2,062,034	327,125

CASH FLOW STATEMENTS

for the financial year ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, plant and equipment				
- Additions	(613,913)	(2,084,641)	(580,489)	(2,081,254)
- Proceeds from disposals	227,881	119,745	227,881	119,362
Repayment of advances by an associate	71,423	80,937	71,423	80,937
Proceeds from disposal of available-for-sale financial assets	-	44,584	-	44,584
Additional investment in available-for-sale financial assets	(53,811)	-	(53,811)	-
Proceeds from disposal of interest in a joint venture	347,044	-	347,044	-
Dividend received from:				
- an available-for-sale financial assets	4,145	4,697	4,145	4,697
- an associate	48,064	-	-	-
Acquisition of subsidiaries	(30,810)	-	(17,236)	-
Subscription of shares in associates	(78,695)	(30,378)	-	(3,731)
Additional subscription of shares in subsidiaries	(24,144)	-	(24,144)	-
Advances granted to associate	-	(431,258)	-	(431,258)
Refund of deposits on aircraft purchase	-	142,073	-	142,073
Net cash used in investing activities	(102,816)	(2,154,241)	(25,187)	(2,124,590)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from allotment of shares	-	2,064	-	2,064
Proceeds from borrowings	1,458,223	3,129,496	500,161	3,129,496
Repayment of borrowings	(2,677,406)	(1,241,080)	(1,800,203)	(1,241,080)
Dividends paid	(83,489)	(111,292)	(83,489)	(111,292)
Net cash (used in)/generated from financing activities	(1,302,672)	1,779,188	(1,383,531)	1,779,188

CASH FLOW STATEMENTS

for the financial year ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
NET INCREASE/(DECREASE) FOR THE FINANCIAL YEAR	798,450	(73,022)	653,316	(18,277)
CURRENCY TRANSLATION DIFFERENCES	290,397	30,436	290,240	30,436
DEPOSITS, CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR	1,337,849	1,380,435	1,319,085	1,306,926
DEPOSITS, CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR	2,426,696	1,337,849	2,262,641	1,319,085

For the purposes of the cash flow statements, cash and cash equivalents include the following:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits, cash and bank balances (Note 22)	2,426,696	1,337,849	2,262,641	1,319,085
Less: Deposits pledged as securities	(710,986)	(569,471)	(710,986)	(569,471)
Cash and cash equivalents	1,715,710	768,378	1,551,655	749,614

The deposits with licensed banks of the Group and the Company amounting to RM710,986,000 (2014: Group and Company RM569,471,000) are pledged as securities for banking facilities granted to the Group and Company (Note 25).

CASH FLOW STATEMENTS

for the financial year ended 31 December 2015

SIGNIFICANT NON-CASH TRANSACTIONS

(a) On 29 September 2015, the Company subscribed to 49% of perpetual capital security issued by an associate amounting to IDR2,058 billion (RM625 million) as disclosed in Note 11 to the financial statements. The investment in perpetual capital security was satisfied via capitalisation of amounts due from associate.

(b) Disposal of property, plant and equipment to a subsidiary

	Company	
	2015	2014
	RM'000	RM'000
Proceeds from disposal of property, plant and equipment to a subsidiary	1,105,736	-
Settlement of borrowings and related finance cost by lessor on behalf of the Company	(184,439)	-
Borrowings transferred to subsidiary	(689,172)	-
Amounts due from a subsidiary	(232,125)	-
Net cash proceeds received from disposal of property, plant and equipment to a subsidiary	-	-

(c) Disposal of property, plant and equipment pursuant to the sales and leaseback arrangement

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Carrying amount of property, plant and equipment disposed	1,499,941	-	1,499,941	-
Gain on disposal of property, plant and equipment	27,361	-	27,361	-
Total proceeds from disposal of property, plant and equipment	1,527,302	-	1,527,302	-
Security deposit paid to lessor	(34,506)	-	(34,506)	-
Settlement of borrowings and related finance cost by lessor on behalf of the Company	(1,264,915)	-	(1,264,915)	-
Net cash proceeds received from disposal of property, plant and equipment	227,881	-	227,881	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

1 REVENUE AND OTHER INCOME

(a) REVENUE

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Passenger seat sales	3,648,913	2,989,268	3,648,913	2,989,268
Baggage fees	491,787	456,039	491,787	456,039
Aircraft operating lease income	1,423,122	793,020	1,127,397	793,020
Surcharges and fees	180,171	677,241	180,171	677,241
Other revenue	553,665	500,176	553,665	500,176
	6,297,658	5,415,744	6,001,933	5,415,744

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

(b) OTHER INCOME

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Gain/(loss) on disposals of property, plant and equipment	19,654	(4,690)	19,656	(4,690)
Gain on disposal of available-for-sale financial assets	-	42,077	-	42,077
Fees charged to associates providing commercial air transport services	68,770	61,108	68,770	61,108
Others	169,551	79,534	123,727	57,843
	257,975	178,029	212,153	156,338

Other income ('others') includes commission income, advertising income and fees charged to related parties providing commercial air transport services.

2 STAFF COSTS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Salaries, bonus, allowances and other employee's benefit	686,917	608,555	662,710	586,420
Defined contribution retirement plan	72,503	58,722	70,225	55,802
	759,420	667,277	732,935	642,222

Included in staff costs are Executive Directors' remuneration. The Executive Directors' and Non-Executive Directors' remuneration are as follows:

	Group and Company 2015 RM'000	Group and Company 2014 RM'000
Executive Directors		
- salaries, bonus and allowances	12,220	8,531
- defined contribution plan	1,466	1,023
	13,686	9,554
Non-Executive Directors		
- fees	1,246	1,078
	14,932	10,632

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2 STAFF COSTS (CONTINUED)

The remuneration payable to the Directors of the Company is analysed as follows:

	Executive		Non-executive	
	2015	**2014**	**2015**	**2014**
Range of remuneration				
Below RM150,000	-	-	3	3
RM150,001 to RM200,000	-	-	1	2
RM200,001 to RM250,000	-	-	-	2
RM250,001 to RM300,000	-	-	2	-
RM300,001 to RM350,000	-	-	1	-
RM1,000,001 to RM2,000,000	-	1	-	-
RM2,000,001 to RM3,000,000	1	-	-	-
RM3,000,001 to RM4,000,000	-	1	-	-
RM4,000,001 to RM5,000,000	1	1	-	-
RM5,000,001 to RM6,000,000	-	-	-	-
RM6,000,001 to RM7,000,000	1	-	-	-

3 OTHER OPERATING EXPENSES

The following items have been charged/(credited) in arriving at other operating expenses:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Impairment of:				
- Amount due from a subsidiary (Note 20)	-	-	-	14,984
- Investment in associates (Note 11)	-	-	875,653	-
- Available for sale financial assets (Note 12)	-	10,125	-	-
- Property, plant and equipment (Note 8)	13,281	-	-	-
- Trade and other receivables (Note 15)	17,523	30,651	17,523	24,853
Write off of amount due from related party	5,247	-	5,247	-
Rental of land and building	18,126	3,529	16,987	3,529
Auditors' remuneration				
- audit fees				
(i) PricewaterhouseCoopers Malaysia	887	800	776	758
(ii) Others	40	-	-	-
- non-audit fees				
(i) PricewaterhouseCoopers Malaysia	642	1,230	642	1,230
Rental of equipment	1,001	1,791	935	1,791
Advertising costs	52,131	62,929	52,131	62,929
Net foreign exchange (gains)/losses from operations				
- Realised	(14,794)	18,922	(14,794)	18,922
- Unrealised	(425,976)	(28,164)	(425,976)	(28,164)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4 USER CHARGES

User charges include airport related charges, ground operational charges, aircraft insurance cost, and inflight related expenses.

5 FINANCE INCOME/(COSTS) AND FOREIGN EXCHANGE LOSSES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
(a) Finance income				
Interest income from:				
- deposits with licensed banks	28,058	17,889	28,058	17,889
- amounts due from associates	66,462	88,867	66,462	88,867
Gain from interest rate contracts	3,605	6,824	3,605	6,824
Discounting on deposits	38,091	-	10,982	-
Discounting on non-current payables	13,384	-	13,384	-
Others	4,548	8,289	4,513	8,256
	154,148	121,869	127,004	121,836
(b) Finance costs				
Interest expense				
- bank borrowings	(679,500)	(522,921)	(677,878)	(522,921)
Amortisation of premiums for interest rate caps	(9,090)	(8,192)	(9,090)	(8,192)
Discounting and accretion of interest on deposits	(25,527)	-	(16,742)	-
Bank facilities and other charges	(9,918)	(2,854)	(9,486)	(2,792)
	(724,035)	(533,967)	(713,196)	(533,905)
(c) Foreign exchange losses on borrowings				
Borrowings:				
- realised	1,414	(5,339)	(3,203)	(5,339)
- unrealised	(2,292,733)	(707,031)	(2,293,337)	(707,033)
- fair value movement recycled from cash flow hedge reserve	820,766	175,256	820,766	175,256
Gain/(loss) from forward foreign exchange contracts and others	96,736	(71,971)	96,736	(71,971)
	(1,373,817)	(609,085)	(1,379,038)	(609,087)

During the financial year, the Group has hedged the foreign currency spot translation on the lease income for the aircraft that were sub-leased on operating lease basis to its associates companies against the foreign currency spot translation on the aircraft borrowing repayment. This is to hedge the foreign currency risk arising from operating lease income that the Group is exposed to. Gains and losses recognised in the hedging reserve in equity as of 31 December 2015 will be continuously released to the income statement within foreign exchange gains/(losses) on borrowings.

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6 TAXATION

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current taxation	35,852	25,638	35,838	25,638
Deferred taxation (Note 14)	(361,982)	(85,773)	(361,809)	(85,773)
	(326,130)	(60,135)	(325,971)	(60,135)
Current taxation				
- Current financial year	35,852	25,638	35,838	25,638
Deferred taxation				
- Origination and reversal of temporary differences	(308,539)	80,109	(308,366)	80,109
- Tax incentives	(53,443)	(165,882)	(53,443)	(165,882)
	(361,982)	(85,773)	(361,809)	(85,773)
	(326,130)	(60,135)	(325,971)	(60,135)

The current taxation charge is in respect of interest income which is assessed separately.

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit/(loss) before taxation	215,150	22,701	(253,362)	(27,321)
Tax calculated at Malaysian tax rate of 25% (2014: 25%)	53,788	5,675	(63,341)	(6,830)
Tax effects of:				
- expenses not deductible for tax purposes	333,249	147,803	334,279	147,803
- income not subject to tax	(317,294)	(24,786)	(1,036)	(19,171)
- associates' results reported net of tax	206,373	7,427	-	-
- joint ventures' results reported net of tax	(6,373)	(14,317)	-	-
- tax incentives	2,599	(165,882)	2,599	(165,882)
- non recurring tax benefit	(598,472)	-	(598,472)	-
- change in statutory tax rate	-	(16,055)	-	(16,055)
Taxation	(326,130)	(60,135)	(325,971)	(60,135)

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 2015	Group 2014
Net profit for the financial year attributable to owners of the Company (RM'000)	541,194	82,836
Weighted average number of ordinary shares in issue ('000)	2,782,974	2,782,245
Basic and diluted earnings per share (sen)	19.4	3.0

The Group does not have in issue any financial instruments on other contracts that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

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8 PROPERTY, PLANT AND EQUIPMENT

	At 1 January 2015 RM'000	Additions RM'000	Acquisition of subsidiaries RM'000	Disposals RM'000	Depreciation charge RM'000	Impairment loss RM'000	At 31 December 2015 RM'000
Group							
Carrying amount							
Aircraft engines, airframe and service potential	12,291,382	452,030	-	(1,495,339)	(650,571)	-	10,597,502
Aircraft spares	122,752	25,122	-	(8,986)	(15,544)	-	123,344
Aircraft fixtures and fittings	43,196	24,285	-	-	(12,907)	-	54,574
Buildings	1,655	-	-	-	(42)	-	1,613
Motor vehicles	7,582	450	-	-	(2,300)	-	5,732
Office equipment, furniture and fittings	25,137	43,542	888	(163)	(13,962)	(13,281)	42,161
Office renovation	6,508	398	323	-	(2,553)	-	4,676
Simulator equipment	1,089	-	-	-	(38)	-	1,051
Operating plant and ground equipment	12,462	6,198	-	-	(4,865)	-	13,795
In-flight equipment	384	-	-	-	(184)	-	200
Training equipment	135	169	-	-	(279)	-	25
Work in progress	21,253	61,719*	-	-	-	-	82,972
	12,533,535	613,913	1,211	(1,504,488)	(703,245)	(13,281)	10,927,645

* Included work in progress completed during the financial year amounting to RM4.4million which were reclassified to respective asset classes.

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Group				
At 31 December 2015				
Aircraft engines, airframe and service potential	13,965,974	(3,368,472)	-	10,597,502
Aircraft spares	266,993	(143,649)	-	123,344
Aircraft fixtures and fittings	144,676	(90,102)	-	54,574
Buildings	2,114	(501)	-	1,613
Motor vehicles	26,941	(21,209)	-	5,732
Office equipment, furniture and fittings	124,956	(69,514)	(13,281)	42,161
Office renovation	23,754	(19,078)	-	4,676
Simulator equipment	4,967	(3,916)	-	1,051
Operating plant and ground equipment	50,777	(36,982)	-	13,795
In-flight equipment	1,696	(1,496)	-	200
Training equipment	4,588	(4,563)	-	25
Work in progress	82,972	-	-	82,972
	14,700,408	(3,759,482)	(13,281)	10,927,645

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31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 1 January 2014 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge RM'000	At 31 December 2014 RM'000
Group					
Carrying amount					
Aircraft engines, airframe and service potential	11,049,553	1,990,785	(88,095)	(660,861)	12,291,382
Aircraft spares	125,275	29,302	(4,271)	(27,554)	122,752
Aircraft fixtures and fittings	24,152	31,151	(844)	(11,263)	43,196
Buildings	33,177	51	(30,287)	(1,286)	1,655
Motor vehicles	4,867	5,235	(102)	(2,418)	7,582
Office equipment, furniture and fittings	20,125	14,071	(437)	(8,622)	25,137
Office renovation	8,116	1,477	(385)	(2,700)	6,508
Simulator equipment	1,099	-	-	(10)	1,089
Operating plant and ground equipment	11,490	5,047	(14)	(4,061)	12,462
In-flight equipment	598	65	-	(279)	384
Training equipment	578	-	-	(443)	135
Work in progress	13,796	7,457	-	-	21,253
	11,292,826	2,084,641	(124,435)	(719,497)	12,533,535

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Group				
At 31 December 2014				
Aircraft engines, airframe and service potential	15,699,049	(3,407,667)	-	12,291,382
Aircraft spares	303,900	(164,165)	(16,983)	122,752
Aircraft fixtures and fittings	125,341	(82,145)	-	43,196
Buildings	2,114	(459)	-	1,655
Motor vehicles	27,450	(19,868)	-	7,582
Office equipment, furniture and fittings	82,092	(56,955)	-	25,137
Office renovation	23,033	(16,525)	-	6,508
Simulator equipment	4,967	(3,878)	-	1,089
Operating plant and ground equipment	44,795	(32,333)	-	12,462
In-flight equipment	1,896	(1,512)	-	384
Training equipment	4,419	(4,284)	-	135
Work in progress	21,253	-	-	21,253
	16,340,309	(3,789,791)	(16,983)	12,533,535

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 1 January 2015 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge RM'000	At 31 December 2015 RM'000
Company					
Carrying amount					
Aircraft engines, airframe and service potential	12,291,382	452,030	(2,601,076)	(644,738)	9,497,598
Aircraft spares	122,752	25,122	(8,986)	(15,544)	123,344
Aircraft fixtures and fittings	43,196	23,911	-	(12,825)	54,282
Buildings	1,655	-	-	(42)	1,613
Motor vehicles	7,582	450	-	(2,300)	5,732
Office equipment, furniture and fittings	22,743	9,314	(90)	(9,123)	22,844
Office renovation	4,274	340	-	(1,915)	2,699
Simulator equipment	1,089	-	-	(38)	1,051
Operating plant and ground equipment	12,462	6,198	-	(4,865)	13,795
In-flight equipment	384	-	-	(184)	200
Training equipment	135	169	-	(279)	25
Work in progress	19,517	62,955	-	-	82,472
	12,527,171	580,489	(2,610,152)	(691,853)	9,805,655

During the financial year, the Company disposed 12 aircraft with carrying amount of RM1.1 billion (2014: Nil) to its subsidiary, Asia Aviation Capital Limited for a sale consideration of RM1.1 billion.

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Company				
At 31 December 2015				
Aircraft engines, airframe and service potential	12,402,743	(2,905,145)	-	9,497,598
Aircraft spares	266,993	(143,649)	-	123,344
Aircraft fixtures and fittings	140,516	(86,234)	-	54,282
Buildings	2,114	(501)	-	1,613
Motor vehicles	26,941	(21,209)	-	5,732
Office equipment, furniture and fittings	86,766	(63,922)	-	22,844
Office renovation	19,794	(17,095)	-	2,699
Simulator equipment	4,967	(3,916)	-	1,051
Operating plant and ground equipment	50,777	(36,982)	-	13,795
In-flight equipment	1,696	(1,496)	-	200
Training equipment	4,588	(4,563)	-	25
Work in progress	82,472	-	-	82,472
	13,090,367	(3,284,712)	-	9,805,655

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31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 1 January 2014 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge RM'000	At 31 December 2014 RM'000
Company					
Carrying amount					
Aircraft engines, airframe and service potential	11,049,553	1,990,785	(88,095)	(660,861)	12,291,382
Aircraft spares	125,275	29,302	(4,271)	(27,554)	122,752
Aircraft fixtures and fittings	24,152	31,151	(844)	(11,263)	43,196
Buildings	33,177	51	(30,287)	(1,286)	1,655
Motor vehicles	4,867	5,235	(102)	(2,418)	7,582
Office equipment, furniture and fittings	18,752	12,426	(437)	(7,998)	22,743
Office renovation	4,834	1,471	(2)	(2,029)	4,274
Simulator equipment	1,099	-	-	(10)	1,089
Operating plant and ground equipment	11,490	5,047	(14)	(4,061)	12,462
In-flight equipment	598	65	-	(279)	384
Training equipment	578	-	-	(443)	135
Work in progress	13,796	5,721	-	-	19,517
	11,288,171	2,081,254	(124,052)	(718,202)	12,527,171

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Company				
At 31 December 2014				
Aircraft engines, airframe and service potential	15,699,049	(3,407,667)	-	12,291,382
Aircraft spares	303,900	(164,165)	(16,983)	122,752
Aircraft fixtures and fittings	125,341	(82,145)	-	43,196
Buildings	2,114	(459)	-	1,655
Motor vehicles	27,450	(19,868)	-	7,582
Office equipment, furniture and fittings	78,934	(56,191)	-	22,743
Office renovation	19,454	(15,180)	-	4,274
Simulator equipment	4,967	(3,878)	-	1,089
Operating plant and ground equipment	44,795	(32,333)	-	12,462
In-flight equipment	1,896	(1,512)	-	384
Training equipment	4,419	(4,284)	-	135
Work in progress	19,517	-	-	19,517
	16,331,836	(3,787,682)	(16,983)	12,527,171

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31 December 2015

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment of the Group and the Company are assets with the following carrying amounts:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Carrying amount of owned aircraft sub-leased to associates	3,083,383	4,674,014	2,304,378	4,674,014
Aircraft pledged as security for borrowings (Note 25)	10,597,502	12,291,382	9,497,598	12,291,382

The beneficial ownership and operational control of aircraft pledged as security for borrowings rests with the Company when the aircraft is delivered to the Company.

Where the legal title to the aircraft is held by financiers during delivery, the legal title will be transferred to the Company only upon settlement of the respective facilities.

9 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM'000	RM'000
Unquoted investments, at cost	64,896	23,516
Less: Accumulated impairment losses	(36)	(36)
	64,860	23,480
At 1 January	23,480	23,480
Additional investment in subsidiaries	41,380	-
At 31 December	64,860	23,480

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9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2015 %	2014 %	Principal activities
Directly held by the Company				
AirAsia Investment Ltd ("AAIL") *	Malaysia	100	100	Investment holding
AirAsia Go Holiday Sdn Bhd ("AGH")	Malaysia	100	100	Tour operating business
AirAsia (Mauritius) Limited *	Mauritius	100	100	Providing aircraft leasing facilities to Thai AirAsia Co. Ltd
AirAsia Corporate Services Limited *	Malaysia	100	100	Facilitate business transactions for AirAsia Group with non-resident goods and service providers
Ground Team Red Sdn Bhd	Malaysia	100	100	Special purpose vehicle for financing arrangements required by AirAsia
Koolred Sdn Bhd	Malaysia	100	100	Investment holding
AirAsia Global Shared Services Sdn Bhd	Malaysia	100	100	To provide shared services and outsourcing for its affiliates
Asia Aviation Capital Limited ("AAC")	Malaysia	100	100	Providing aircraft leasing facilities
MadCience Consulting Sdn Bhd ("MAD") *(a)	Malaysia	100	-	Provision of central depository services for its affiliates
TPaay Asia Sdn Bhd (formerly known as Tune Money Sdn Bhd) ("TPaay") *(b)	Malaysia	100	-	Provision of financial and other related services
Tune Box Sdn Bhd ("Tune Box") (c)	Malaysia	73	-	Trading of multimedia content and equipment
Held by AGH				
AirAsia Exp Pte. Ltd ("AAE") *	Singapore	100	100	Investment holding
Held by AAIL				
AirAsia Capital Ltd *	Malaysia	100	100	Dormant

* Not audited by PricewaterhouseCoopers, Malaysia

(a) On 11 March 2015, a wholly-owned subsidiary of the Company, MAD was incorporated in Malaysia to provide central depository services for its affiliates. The initial share capital of MAD is RM2 comprising of 2 ordinary shares of RM1.00 each.

(b) On 6 October 2015, the Company entered into a Share Sale Agreement to acquire the 81 million ordinary shares and 22 redeemable preference shares in TPaay for a cash consideration of RM6.36 million. The acquisition was completed on 6 October 2015 and TPaay effectively became a 100%-owned subsidiary of the Company. The Company previously had a 40% interest in TPaay via an acquisition in January 2015 for a cash consideration of RM10.0 million.

(c) On 3 December 2015, the Company acquired 876,000 ordinary shares of RM1.00 each, equivalent to 73% of the total issued and paid-up capital of Tune Box, for a total cash consideration of RM876,000.

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9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Details of the assets, liabilities and net cash outflow arising from the acquisition TPaay and Tune Box during the financial year are as follows:

	Fair value/ Book value RM'000
Cash and bank balances	7,236
Intangible assets	1,505
Trade and other receivables	31,493
Property, plant and equipment	1,211
Trade and other payables	(41,778)
Total net assets acquired	(333)
Less: Net assets equity accounted previously	(4,360)
Non-controlling interests acquired	1,560
Goodwill on acquisition	10,369
Purchase consideration for acquisition of subsidiaries	7,236
Purchase consideration for previously held interest in a subsidiary during the financial year	10,000
Less: Cash and cash equivalents of subsidiaries acquired	(7,236)
Net cash outflow on acquisition of subsidiaries	10,000

The purchase price allocation ('PPA') exercise is still ongoing. A provisional goodwill amounting to RM10,369,000 had been recognised in the financial statements as at 31 December 2015.

The Company does not have any subsidiaries with non-controlling interests that are material to the Group. There were no transactions with non-controlling interests during the current financial year.

10 INVESTMENT IN JOINT VENTURES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted investments, at cost	81,559	111,674	81,559	81,559
Share of post-acquisition profits	82,465	79,946	-	-
	164,024	191,620	81,559	81,559

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10 INVESTMENT IN JOINT VENTURES (CONTINUED)

The joint ventures listed below have share capital consisting solely of ordinary shares, which are directly held by the Group:

Name of entity	Principal place of business/country of incorporation	Group's effective equity interest 2015 %	2014 %	Principal activities
Directly held by the Company				
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Malaysia	50	50	Aviation training
Held by AAE				
AAE Travel Pte Ltd ("AAE Travel")	Singapore	-*	50	Online travel agency

* Reclassified as investment in associate during the year (Note 11)

All the joint ventures listed above are private companies for which there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

AACOE is an aviation training centre with operations in Malaysia and Singapore. AACOE is a strategic partner of the Company and provides initial and recurrent training for both pilots and flight attendants. AACOE also provides training to TAA, IAA, PAA, AAIPL and other airline clients in the region.

Summarised financial information for joint ventures

Set out below are the summarised financial information of the joint ventures which are accounted for using the equity method:

Summarised balance sheets

	AACOE		AAE Travel		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current						
Cash and cash equivalents	50,831	58,987	-	126,137	50,831	185,124
Other current assets	59,429	46,105	-	18,961	59,429	65,066
Total current assets	110,260	105,092	-	145,098	110,260	250,190
Financial liabilities (excluding trade payables)	(7,291)	(3,741)	-	(10,644)	(7,291)	(14,385)
Other current liabilities (including trade payables)	(25,486)	(47,658)	-	(35,333)	(25,486)	(82,991)
Total current liabilities	(32,777)	(51,399)	-	(45,977)	(32,777)	(97,376)
Non-current						
Assets	363,382	334,869	-	4,552	363,382	339,421
Liabilities	(112,817)	(108,995)	-	-	(112,817)	(108,995)
Net assets	328,048	279,567	-	103,673	328,048	383,240

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10 INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised statements of comprehensive income

	AACOE		AAE Travel		Total	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	107,103	85,432	-	438,823	107,103	524,255
Depreciation and amortisation	(15,151)	(19,111)	-	(6,606)	(15,151)	(25,717)
Interest income	-	-	-	-	-	-
Interest expense	(3,977)	(4,139)	-	-	(3,977)	(4,139)
Profit before taxation	51,040	24,075	-	43,658	51,040	67,733
Tax income/(expense)	(2,559)	49,190	-	(2,391)	(2,559)	46,799
Profit after taxation and total comprehensive income	48,481	73,265	-	41,267	48,481	114,532
Dividends received from joint ventures	-	-	-	-	-	-

Reconciliations of summarised financial information

	AACOE		AAE Travel		Total	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening net assets at 1 January	279,567	206,302	-	62,406	279,567	268,708
Profit after taxation and total comprehensive income	48,481	73,265	-	41,267	48,481	114,532
Closing net assets at 31 December	328,048	279,567	-	103,673	328,048	383,240
Interest in joint ventures at 50%	164,024	139,784	-	51,837	164,024	191,620
Carrying value at 31 December	164,024	139,784	-	51,837	164,024	191,620

11 INVESTMENT IN ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unquoted investments, at cost	888,201	169,434	628,774	3,760
Amounts due from associates deemed as net investment in associates	959,277	-	959,277	-
Share of post-acquisition (loss)/profit	(764,708)	91,720	-	-
Share of post-acquisition reserves	(62,130)	(30,700)	-	-
	1,020,640	230,454	1,588,051	3,760
Accumulated impairment losses	-	-	(875,653)	-
	1,020,640	230,454	712,398	3,760

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11 INVESTMENT IN ASSOCIATES (CONTINUED)

The details of the associates are as follows:

Name of entity	Principal place of business/country of incorporation	Group's effective equity interest		Principal activities
		2015	2014	
		%	%	
AirAsia Philippines Inc	Philippines	39.9	39.9	Providing air transportation services, currently dormant
Asian Contact Centres Sdn. Bhd.	Malaysia	50.0	50.0	Providing end-to-end solutions for customers contact management and contact centre
Think Big Digital Sdn Bhd ("BIG")	Malaysia	47.8	47.8	Financial services and managing customer loyalty points
<u>Held by AAE</u>				
AAE Travel Pte Ltd ("AAE Travel")	Singapore	25.0	-*	Online travel agency
<u>Held by AAIL</u>				
PT Indonesia AirAsia ("IAA")	Indonesia	48.9	48.9	Commercial air transport services
Thai AirAsia Co. Ltd ("TAA")	Thailand	45.0	45.0	Commercial air transport services
AirAsia Go Holiday Co. Ltd	Thailand	49.0	49.0	Tour operating business, currently dormant
AirAsia Inc ("PAA")	Philippines	49.0	40.0	Commercial air transport services
AirAsia (India) Private Limited ("AAIPL")	India	49.0	49.0	Commercial air transport services
AirAsia Japan Co., Ltd ("JAA")	Japan	49.0	49.0	Commercial air transport services

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

All the associates listed above are private companies for which there are no quoted market price available for their shares.

There are no contingent liabilities relating to the Group's interest in the associates.

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11 INVESTMENT IN ASSOCIATES (CONTINUED)

Additional interests in associates during the financial year ended 31 December 2015

(a) On 25 February 2015, AAIL subscribed to 3,174,927 shares of common stock representing 49% of the paid-up capital in JAA for a cash consideration of JPY490 million (equivalent to RM12.6 million). On 29 September 2015, AAIL subscribed to an additional 14,000,000 shares of common stock representing 49% of the paid-up capital in JAA for a cash consideration of JPY980 million (equivalent to RM36.5 million).

(b) On 29 July 2015, the Company, through its wholly-owned subsidiary, AAIL, invested an additional 496,536,640 ordinary shares in AirAsia (India) Private Limited ("AAIPL") for a cash consideration of USD7.7 million (equivalent to RM29.5 million). The Group's equity interest in AAIPL remains as 49%.

(c) On 29 September 2015, the Company subscribed to 49% of perpetual capital security issued by IAA amounting to IDR2,058 billion (RM625 million) in proportion to its equity shareholding in IAA. IAA has the discretion to defer interest payment and has no obligation to redeem the principal amount. Therefore, the Company's investment in this perpetual capital security is deemed in substance to be as extension to the Company's net investment in IAA and is accounted for as "Investment in Associate". The investment in perpetual capital security was satisfied via capitalisation of amounts due from IAA.

Acquisition of interest and additional investment in associates during the financial year ended 31 December 2014

(a) On 1 July 2014, the Company, through its wholly-owned subsidiary, AAIL, entered into a Shareholders' Agreement and a Share Subscription Agreement with Octave Japan Infrastructure Fund I GK ("Octave"), Rakuten, Inc. ("Rakuten"), Noevir Holdings Co. Ltd. ("Noevir") and Alpen Co. Ltd. ("Alpen") for the purpose of forging a joint venture cooperation between the Company, Octave, Rakuten, Noevir and Alpen to establish a low cost airline in Japan, i.e. AirAsia Japan Co., Ltd. ("JAA"). On 18 July 2014, AAIL subscribed to 3,174,927 shares of common stock and 3,825,073 shares of non-voting convertible stock, representing 49% of the paid-up capital and 33% voting interest in JAA for a cash consideration of JPY490 million (equivalent to RM15.9 million).

(b) On 31 October 2014, the Company, through its wholly-owned subsidiary, AAIL, invested an additional 20,000,036 ordinary shares in AirAsia (India) Private Limited ("AAIPL") for a cash consideration of INR200 million (equivalent to RM10.8 million). The Group's equity interest in AAIPL remains as 49%.

Impairment loss on investment in associates

As at 31 December 2015, the Group's and the Company's investment in associates was tested for impairment due to continuing losses incurred. The recoverable amount of the investment was computed using fair value less cost to sell method based on market multiple approach in valuing the various businesses.

A forward enterprise value/EBITDAR multiple of 7.5 times has been adopted in determining the estimated enterprise value. Subsequently, other surplus assets and net debt items have been adjusted for accordingly in arriving at the equity value and the recoverable amount of investment in associates.

As a result of the impairment assessment, the Company recognised an impairment loss of RM876 million in the income statement on its investment in associates.

The Directors consider TAA, IAA, and PAA as material associates to the Group. TAA, IAA and PAA are all operators of commercial air transport services which are based in Thailand, Indonesia and Japan respectively. These associate companies are strategic investments of the Company and form an essential part of the Company's growth strategy. They provide access to a wider geographical market and network coverage in the provision of air transport services across the ASEAN region.

Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

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11 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information for associates (continued)

Summarised balance sheet

	IAA		PAA		TAA	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current						
Cash and cash equivalents	32,576	60,782	1,620	2,205	723,295	508,551
Other current assets	320,920	209,381	1,249,220	1,113,070	216,715	249,531
Total current assets	353,496	270,163	1,250,840	1,115,275	940,010	758,082
Financial liabilities (excluding trade payables)	(1,246,125)	(218,693)	(1,589,997)	(1,286,923)	(219,935)	(185,213)
Other current liabilities (including trade payables)	(175,455)	(1,055,004)	(19,155)	(27,427)	(776,539)	(683,532)
Total current liabilities	(1,421,580)	(1,273,697)	(1,609,152)	(1,314,350)	(996,474)	(868,745)
Non-current						
Assets	1,209,321	599,753	215,538	213,280	2,291,082	1,839,295
Liabilities	(494,425)	(432,576)	(52,049)	(120,839)	(1,597,644)	(1,230,728)
Net assets/(liabilities)	(353,188)	(836,357)	(194,823)	(106,634)	636,974	497,904

Summarised statement of comprehensive income

	IAA		PAA		TAA	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,464,188	1,757,282	58,720	67,681	3,379,132	2,554,999
Depreciation and amortisation	(28,687)	(27,469)	(34,631)	(31,020)	(126,367)	(81,037)
Interest income	795	477	-	-	13,543	29,658
Interest expense	(58,374)	(64,582)	(24,687)	(41,508)	(54,930)	(21,990)
(Loss)/profit before taxation	(685,736)	(244,146)	(71,107)	(192,683)	230,850	13,997
Tax income/(expense)	7,472	(28,603)	-	-	(21,902)	(484)
Net (loss)/profit for the financial year	(678,264)	(272,749)	(71,107)	(192,683)	208,948	13,513
Other comprehensive income	-	-	306	(256)	(69,845)	(68,222)
Total comprehensive (loss)/income	(678,264)	(272,749)	(70,801)	(192,939)	139,103	(54,709)
Dividends received from associates	-	-	-	-	48,064	-

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11 INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information for associates (continued)

Reconciliations of summarised financial information

	IAA		PAA		TAA	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening net (liabilities)/assets at 1 January	(836,357)	(618,797)	(106,633)	(9,764)	497,904	552,609
Investment during the financial year	-	-	-	-	-	-
(Loss)/Profit for the financial year	(678,264)	(272,749)	(70,801)	(192,939)	208,948	13,513
Other comprehensive income/(loss)	-	-	-	-	(69,845)	(68,222)
Foreign exchange differences	(116,714)	55,189	(17,389)	96,069	(33)	4
Additional share capital/perpetual capital security	1,278,147	-	-	-	-	-
Closing net assets/(liabilities) at 31 December	(353,188)	(836,357)	(194,823)	(106,634)	636,974	497,904
Group's interest in associates	48.9%	48.9%	40%	40%	45%	45%
Interest in associates	(172,709)	(408,979)	(77,929)	(42,654)	286,638	224,057
Amounts due from associates deemed as net investment in associates	873,477	-	85,800	-	-	-
Share of unrecognised losses	-	408,979	-	42,654	-	-
Carrying value at 31 December	700,768	-	7,871	-	286,638	224,057

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Group	
	2015	2014
	RM'000	RM'000
Aggregate carrying amount of individually immaterial associates	73,450	6,397
Aggregate amounts of the Group's share of:		
Loss from continuing operations	(38,216)	(35,787)
Other comprehensive income	-	-
Total comprehensive income	(38,216)	(35,787)

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Listed equity securities				
At 1 January	384,790	571,895	384,790	561,770
Addition	53,811	-	53,811	-
Disposal	-	(44,584)	-	(44,584)
Fair value loss - recognised in other comprehensive income	(203,504)	(132,396)	(203,504)	(132,396)
Impairment loss charged for the year	-	(10,125)	-	-
At 31 December	235,097	384,790	235,097	384,790

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13 INTANGIBLE ASSETS

	Goodwill RM'000	Internally developed software RM'000	Total RM'000
Group			
Cost			
At 1 January 2015	7,334	-	7,334
Additions - acquisitions (Note 9)	10,369	1,505	11,874
At 31 December 2015	17,703	1,505	19,208
Accumulated amortisation			
At 1 January 2015	-	-	-
Amortisation expense	-	(24)	(24)
At 31 December 2015	-	(24)	(24)
Carrying amount as at 31 December 2015	17,703	1,481	19,184
Cost			
At 1 January 2014/31 December 2014	7,334	-	7,334
Accumulated amortisation			
At 1 January 2014/31 December 2014	-	-	-
Carrying amount as at 31 December 2014	7,334	-	7,334

The Company has no intangible assets.

The carrying amount of goodwill allocated to the Group's cash-generating unit is as follows:

	Group 2015 RM'000	Group 2014 RM'000
Cash-generating unit		
AirAsia Investment Ltd	7,334	7,334
TPaay Asia Sdn Bhd	5,275	-
Tune Box Sdn Bhd	5,094	-

NOTES TO THE FINANCIAL STATEMENTS

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14 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	828,950	466,968	828,777	466,968

The movements in the deferred tax assets and liabilities of the Group and the Company during the financial year are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At start of financial year	466,968	381,195	466,968	381,195
Credited/(charged)to income statements (Note 6)				
- Property, plant and equipment	308,539	(80,109)	308,366	(80,109)
- Tax incentives	53,443	165,882	53,443	165,882
	361,982	85,773	361,809	85,773
At end of financial year	828,950	466,968	828,777	466,968
Deferred tax assets (before offsetting)				
Tax incentives	1,392,124	1,338,681	1,392,124	1,338,681
Tax losses	8,803	8,803	8,803	8,803
	1,400,927	1,347,484	1,400,927	1,347,484
Offsetting	(571,977)	(880,516)	(572,150)	(880,516)
Deferred tax assets (after offsetting)	828,950	466,968	828,777	466,968
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(571,977)	(880,516)	(572,150)	(880,516)
Offsetting	571,977	880,516	572,150	880,516
Deferred tax liabilities (after offsetting)	-	-	-	-

As disclosed in Note C to the financial statements in respect of critical accounting estimates and judgments, the deferred tax assets are recognised on the basis of the Group's previous history of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate.

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15 RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Trade receivables	-	28,141	-	28,141
Less: Allowance for impairment	-	(3,697)	-	(3,697)
	-	24,444	-	24,444
Prepayments	1,261,540	975,500	1,261,540	975,500
Deposits for maintenance of aircraft	90,472	62,643	90,472	62,643
Other deposits	60,230	69,917	33,296	51,337
	1,412,242	1,132,504	1,385,308	1,113,924
Current:				
Trade receivables	145,852	128,963	120,398	90,031
Less: Allowance for impairment	(35,493)	(3,316)	(35,254)	(3,316)
	110,359	125,647	85,144	86,715
Other receivables	248,066	176,216	226,185	162,392
Less: Allowance for impairment	(1,906)	(30,587)	(1,906)	(22,307)
	246,160	145,629	224,279	140,085
Prepayments	180,232	320,237	153,294	320,060
Deposits - cash collateral for derivatives	-	44,594	-	44,594
Other deposits	80,671	46,802	73,623	46,572
	617,422	682,909	536,340	638,026

Credit terms of trade receivables range from 30 to 60 days (2014: 30 to 60 days).

(i) Financial assets that are neither past due nor impaired

Receivables that are neither past due nor impaired amounted to RM504,355,000 and RM438,533,000 (2014: RM428,644,000 and RM365,358,000) for the Group and Company respectively. These are substantially companies with good collection track records with the Group and Company.

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15 RECEIVABLES AND PREPAYMENTS (CONTINUED)

(ii) Financial assets that are past due but not impaired

Receivables that are past due but not impaired amounted to RM83,537,000 and RM68,281,000 (2014: RM91,032,000 and RM91,032,000) for the Group and Company. These relate to a number of independent customers which have no recent history of default. The ageing analysis of these receivables that are past due but not impaired is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
1 to 90 days	27,822	30,263	14,370	30,263
91 to 120 days	16,290	9,086	15,977	9,086
121 to 180 days	10,138	11,519	8,966	11,519
181 to 365 days	13,080	9,340	12,753	9,340
Over 365 days	16,207	6,380	16,215	6,380
	83,537	66,588	68,281	66,588

Receivables that are past due but not impaired included in non-current asset at the balance sheet date in the previous financial year relates to an amount due from a customer of RM24,444,000 for which arbitration proceedings have been completed in the current financial year. Following this, RM17,876,000 was recovered and the remaining balance was impaired and subsequently written off.

(iii) Financial assets that are past due and/or impaired

The carrying amount of receivables individually determined to be impaired are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Over 365 days	37,399	37,600	37,160	29,320
Less: Allowance for impairment	(37,399)	(37,600)	(37,160)	(29,320)
	-	-	-	-

The individually impaired receivables are mainly related to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.

Movements on the allowance for impairment of receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	37,600	21,930	29,320	19,448
Utilised	(17,724)	(14,981)	(9,683)	(14,981)
Impairment (Note 3)	17,523	30,651	17,523	24,853
At 31 December	37,399	37,600	37,160	29,320

The other classes within trade and other receivables do not contain impaired assets.

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15 RECEIVABLES AND PREPAYMENTS (CONTINUED)

Deposits of the Group and Company at the balance sheet date are with a number of external parties for which there is no expectation of default.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group and Company do not hold any collateral as security.

The currency profile of receivables and deposits (excluding prepayments) is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	144,036	195,538	131,608	189,758
US Dollar	387,197	211,769	318,548	154,263
Others	56,659	112,369	56,658	112,369
	587,892	519,676	506,814	456,390

Prepayments include advances for purchases of fuel and prepaid engine maintenance to the service provider.

The carrying amounts of the Group's and the Company's trade and other receivables approximate their fair values.

16 DEPOSITS ON AIRCRAFT PURCHASE

Deposits on aircraft purchases represent refundable deposits paid for aircraft to be delivered to the Company. These deposits are denominated in US Dollars.

17 AMOUNTS DUE FROM/(TO) ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from associates				
- current	394,970	153,803	297,976	148,907
- non-current	1,142,119	2,301,528	1,034,869	2,213,755
	1,537,089	2,455,331	1,332,845	2,362,662
Amounts due to associates				
- current	-	(55,110)	-	(55,110)
- non-current	(76,216)	(83,545)	(21,622)	(64,965)
	(76,216)	(138,655)	(21,622)	(120,075)

Amounts due from associates include an amount of RM492.7 million (2014: RM458.7 million) relating to advances to PT Indonesia AirAsia ("IAA") for purchase of aircraft in 2011 for the financing of aircraft purchase and are repayable over terms ranging from 7 years to 9 years at interest rates between 6.16% to 6.65% per annum. From this amount, RM419.6 million (2014: RM401.5 million) is repayable after 12 months. The Company holds the aircraft as collateral. Other amounts due from associates were charged interest at 6% per annum.

In addition, the amounts due from associates include advances to AirAsia Inc. ("PAA") of RM722.5 million (2014: RM588.6 million) and RM615.3 million (2014: RM431.3 million) for the Group and the Company respectively. These advances are repayable over a term of up to 10 years from drawdown date. These advances are subject to interest of 6% per annum.

NOTES TO THE FINANCIAL STATEMENTS

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17 AMOUNTS DUE FROM/(TO) ASSOCIATES (CONTINUED)

(i) Financial assets that are neither past due nor impaired

Amounts due from associates that are neither past due nor impaired of the Group and Company amounted to RM1,313,208,000 and RM1,174,887,000 (2014: RM1,212,867,000 and RM1,125,035,000) respectively.

(ii) Financial assets that are past due but not impaired

Amounts due from associates of the Group and Company that are past due but not impaired amounted to RM223,881,000 and RM157,959,000 respectively (2014: RM1,242,464,000 and RM1,237,627,000). The ageing analysis of these amounts is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Up to 1 year	223,881	1,152,690	157,959	1,147,853
Over 1 year	-	89,774	-	89,774
	223,881	1,242,464	157,959	1,237,627

The Group and Company have not made any impairment as management is of the view that these amounts are recoverable.

(iii) Financial assets that are past due and/or impaired

There are no amounts due from associates of the Group and Company that are past due and impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from associates mentioned above.

The currency profile of the amounts due from/(to) associates is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from associates				
- US Dollar	1,533,906	2,451,131	1,329,662	2,358,462
- Ringgit Malaysia	3,183	4,200	3,183	4,200
	1,537,089	2,455,331	1,332,845	2,362,662
Amounts due to associates				
- US Dollar	(76,216)	(138,655)	(21,622)	(120,075)

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18 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Non-current				
Interest rate swaps - cash flow hedges	613	(194,082)	988	(199,743)
Interest rate swaps - held for trading	-	(43,816)	-	(48,352)
Interest rate caps - held for trading	575	-	1,732	-
Forward foreign exchange contracts - cash flow hedges	778,338	-	326,310	-
Forward foreign exchange contracts - held for trading	165,964	-	52,656	-
Total	945,490	(237,898)	381,686	(248,095)
Current				
Interest rate swaps - held for trading	-	(27,347)	-	(27,574)
Forward foreign exchange contracts - held for trading	37,569	(1,029)	7,364	-
Commodity derivatives cash flow hedges	356,308	(517,468)	-	-
Commodity derivatives - held for trading	25,235	(36,647)	278,934	(444,630)
Total	419,112	(582,491)	286,298	(472,204)

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting.

	2015		2014	
	Notional amount	Fair value	Notional amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Interest rate caps	361,025	575	338,689	1,732
Interest rate swaps	3,753,974	(264,632)	3,360,539	(274,681)
Cross currency interest rate swaps	431,441	132,609	476,242	27,384
Forward foreign exchange contracts	2,443,449	848,232	2,786,088	358,946
Commodity derivatives	3,565,705	(172,572)	3,012,001*	(165,696)

*: in barrels

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18 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) Forward foreign exchange contracts and cross currency interest rate swaps

The notional principal amounts of the outstanding forward foreign exchange contracts and cross currency interest rate swaps at 31 December 2015 were RM2.875 billion (2014: RM3.262 billion).

As at 31 December 2015, the Group has hedged approximately 58% (2014: 51%) of its USD liabilities pertaining to its aircraft and engine loans into Malaysian Ringgit ("RM") by using long dated foreign exchange forward contracts and cross currency interest rate swaps to manage its foreign currency risk. The latest weighted average of USD:RM forward exchange rate is 3.2364 (2014: 3.2375). Gains and losses recognised in the hedging reserve in equity on hedging instruments as of 31 December 2015 will be continuously released to the income statement within foreign exchange gains/(losses) on borrowings until the full repayment of the term loans (refer Note 25 to the financial statements).

(ii) Interest rate contracts

The notional principal amounts of the outstanding interest rate contracts at 31 December 2015 were RM4.115 billion (2014: RM3.699 billion).

The Group has entered into interest rate contracts to hedge against fluctuations in the USD LIBOR on its existing floating rate aircraft financing for aircraft delivered from 2005 to 2015. As at 31 December 2015, the Group has hedged RM 908.3 million (2014: RM916.9 million) of its existing aircraft loans at rates from 1.80% to 5.2% per annum (2014: 1.80% to 5.20% per annum) via interest rate swaps, interest rate caps and cross-currency swaps. As at 31 December 2015, the Group has hedged RM2.798 billion (2014: RM2.485 billion) of the term loans and RM806.1 million (2014: RM722.3 million) of the finance lease liabilities (Note 25). Gains and losses recognised in the hedging reserve in equity on hedging instruments as of 31 December 2015 will be continuously released to the income statement within finance cost until the full repayment of the term loans (refer Note 25 to the financial statements).

(iii) Fuel contracts

The outstanding number of barrels of Singapore Jet Kerosene, Brent and Crack derivative contracts at 31 December 2015 was 3,565,705 barrels (2014: 3,012,001 barrels).

As at 31 December 2015, the Group has entered into Singapore Jet Kerosene fixed swap which represents up to 38% (2014: 50%) of the Group's total expected fuel volume for the financial year 2016. The Group has also entered into Brent option and Crack fixed swap contracts which represent an additional 4% (2014: nil) of the Group's total expected fuel volume for the financial year 2016. This is to hedge against the fuel price risk that the Group is exposed to. Gains and losses recognised in the hedging reserve in equity on Brent and fuel derivative contracts as of 31 December 2015 are recognised in the income statement in the period or periods during which the hedged forecast transactions affects the income statement.

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19 INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Consumables, in-flight merchandise and others	26,152	18,152	26,152	18,152

20 AMOUNTS DUE FROM SUBSIDIARIES AND RELATED PARTIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from subsidiaries	-	-	426,515	194,243
Less: Allowance for impairment	-	-	(20,290)	(20,290)
	-	-	406,225	173,953
Amounts due from related parties	43,851	3,179	15,787	3,144
	43,851	3,179	422,012	177,097

Movements on the allowance for impairment of amounts due from subsidiaries and related parties are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	-	20,290	5,306
Less: Allowance for impairment	-	-	-	14,984
At 31 December	-	-	20,290	20,290

The amounts due from subsidiaries and related parties are unsecured, interest bearing and have no fixed terms of repayment.

The currency profile of amounts due from subsidiaries and related parties is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	7,261	454	36,497	49,860
US Dollar	36,590	2,725	385,515	127,237
	43,851	3,179	422,012	177,097

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21 AMOUNTS DUE FROM JOINT VENTURES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from joint ventures	5,708	51,188	5,708	34,432

Amounts due from joint ventures are unsecured, interest free and have no fixed terms of repayment.

The currency profile of the amounts due from joint ventures is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amounts due from joint ventures:				
- Ringgit Malaysia	5,708	33,770	5,708	33,770
- Singapore Dollar	-	17,418	-	662
	5,708	51,188	5,708	34,432

22 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	1,030,228	837,066	1,013,300	833,422
Cash and bank balances	1,396,468	500,783	1,249,341	485,663
	2,426,696	1,337,849	2,262,641	1,319,085

The currency profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	456,224	180,190	435,123	178,453
US Dollar	1,012,605	75,581	899,104	58,616
Chinese Renminbi	765,242	1,017,429	765,242	1,017,429
Others	192,625	64,649	163,172	64,587
	2,426,696	1,337,849	2,262,641	1,319,085

NOTES TO THE FINANCIAL STATEMENTS

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22 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The weighted average effective annual interest rates of deposits at the balance sheet dates are as follows:

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Deposits with licensed banks	2.42	3.21	2.42	3.21

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Trade and other payables	1,043,994	1,212,044	1,013,936	1,212,044
Current:				
Trade payables	269,960	100,227	241,884	55,622
Accrual for fuel	62,739	199,749	62,739	199,749
Other payables and accruals	1,301,358	473,152	1,218,736	526,207
	1,634,057	773,128	1,523,359	781,578

Other payables and accruals include accruals for operational expenses, passenger service charge payable to airport authorities and aircraft maintenance accruals.

Included in non-current trade and other payables are aircraft maintenance accrual of RM514,138,000 and RM513,275,000 for the Group and Company respectively.

The currency profile of trade and other payables is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
RM	1,228,047	524,135	1,106,060	519,484
USD	1,422,595	1,343,101	1,403,826	1,356,202
Others	27,409	117,936	27,409	117,936
	2,678,051	1,985,172	2,537,295	1,993,622

NOTES TO THE FINANCIAL STATEMENTS

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24 AMOUNTS DUE TO SUBSIDIARIES AND RELATED PARTIES

The amounts due to subsidiaries and related parties are denominated in Ringgit Malaysia, unsecured, interest free and are repayable on demand.

The currency profile of the amounts due to subsidiaries and related parties are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Amounts due to subsidiaries and related parties:				
Ringgit Malaysia	-	13,979	302,173	13,979
US Dollar	13,661	10,714	52,704	10,714
	13,661	24,693	354,877	24,693

25 BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current:				
Term loans	1,494,047	1,399,003	1,368,328	1,399,003
Finance lease liabilities (Ijarah)	98,615	75,530	98,615	75,530
Commodity Murabahah Finance	53,069	51,389	53,069	51,389
Revolving credit	731,525	749,006	731,525	749,006
	2,377,256	2,274,928	2,251,537	2,274,928
Non-current:				
Term loans	8,893,565	9,131,661	8,089,553	9,131,661
Finance lease liabilities (Ijarah)	783,699	719,117	783,699	719,117
Commodity Murabahah Finance	558,315	602,312	558,315	602,312
	10,235,579	10,453,090	9,431,567	10,453,090
Total borrowings	12,612,835	12,728,018	11,683,104	12,728,018

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Weighted average interest rate				
Term loans	4.21	3.95	4.24	3.95
Finance lease liabilities (Ijarah)	6.12	5.60	6.12	5.60
Commodity Murabahah Finance	5.64	4.62	5.64	4.62
Revolving credit	2.55	2.22	2.55	2.22

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

25 BORROWINGS (CONTINUED)

The borrowings are repayable as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	2,377,256	2,274,928	2,251,537	2,274,928
Later than 1 year and not later than 5 years	5,924,452	5,667,740	5,365,719	5,667,740
Later than 5 years	4,311,127	4,785,350	4,065,848	4,785,350
	12,612,835	12,728,018	11,683,104	12,728,018

The currency profile of borrowings is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,494,381	2,285,827	1,494,381	2,285,827
US Dollar	10,734,446	10,099,768	9,828,501	10,099,768
Euro	167,504	140,204	143,718	140,204
Singapore Dollar	216,504	202,219	216,504	202,219
	12,612,835	12,728,018	11,683,104	12,728,018

Total borrowings as at 31 December 2015 consist of the following banking facilities:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate borrowings	9,987,582	7,137,045	9,259,682	7,137,045
Floating rate borrowings	2,625,253	5,590,973	2,423,422	5,590,973
	12,612,835	12,728,018	11,683,104	12,728,018

The carrying amounts and fair values of the non-current fixed rate borrowings are as follows:

	Group			
	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loans	8,094,638	8,034,915	5,878,388	5,874,449
Finance lease liabilities (Ijarah)	783,699	837,647	719,116	677,186
	8,878,337	8,872,562	6,597,504	6,551,635

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

25 BORROWINGS (CONTINUED)

The carrying amounts and fair values of the non-current fixed rate borrowings are as follows: (Continued)

	Company			
	2015		2014	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Term loans	7,460,992	7,403,180	5,878,388	5,874,449
Finance lease liabilities (Ijarah)	783,699	837,647	719,116	677,186
	8,244,691	8,240,827	6,597,504	6,551,635

The fair values of the non-current floating rate borrowings approximate their carrying amounts, as the impact of discounting is not significant.

The fair values of the non-current fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group's and Company's credit risk at the balance sheet date, at 2.6% to 4.1%% (2014: 4.4% to 5.8%) per annum. The fair values of non-current borrowings are within level 2 of the fair value hierarchy.

The term loans, finance lease liabilities (Ijarah) and commodity murabahah finance are for the purchase of aircraft, spare engines and working capital purposes. The repayment terms of secured term loans, finance lease liabilities (Ijarah) and commodity murabahah finance are on a quarterly or semi-annually basis.

Total borrowings include secured liabilities of the Group and Company of RM11.7 billion and RM10.8 billion respectively (2014: RM11.8 billion and RM11.8 billion). These are secured by the following:

(a) Assignment of rights under contract with Airbus over each aircraft;

(b) Assignment of insurance of each aircraft;

(c) Assignment of airframe and engine warranties of each aircraft; and

(d) Deposits placed with a licensed bank

26 SHARE CAPITAL

	Group and Company	
	2015 RM'000	2014 RM'000
Authorised:		
Ordinary shares of RM0.10 each:		
At beginning and end of the financial year	500,000	500,000
Issued and fully paid up:		
Ordinary shares of RM0.10 each:		
At beginning of the financial year	278,297	278,106
Issued during the financial year	-	191
At end of the financial year	278,297	278,297

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31 December 2015

26 SHARE CAPITAL (CONTINUED)

During the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM278,106,258 to RM278,297,408 by way of issuance of 1,911,500 ordinary shares of RM0.10 each pursuant to the exercise of the Employee Share Option Scheme ("ESOS") at an exercise price of RM1.08 per share. The premium arising from the exercise of ESOS of RM1,873,270 has been credited to the Share Premium account. The Company's share option scheme lapsed on 6 June 2014.

The new ordinary shares issued during the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of shares during the financial year.

27 RETAINED EARNINGS AND OTHER RESERVES

(a) Retained earnings

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

(b) Other reserves

	Cash flow hedge reserve RM'000	Available-for-sale reserve RM'000	Total RM'000
Group			
At 1 January 2015	(172,874)	311,874	139,000
Net change in fair value	485,102	(203,504)	281,598
Amounts transferred to income statement	(820,766)	-	(820,766)
Share of other comprehensive income of an associate	(31,430)	-	(31,430)
At 31 December 2015	(539,968)	108,370	(431,598)
At 1 January 2014	80,065	486,347	566,412
Net change in fair value	(46,983)	(132,396)	(179,379)
Amounts transferred to income statement	(175,256)	-	(175,256)
Share of other comprehensive income of an associate	(30,700)	-	(30,700)
Transfer to profit or loss on disposal	-	(42,077)	(42,077)
At 31 December 2014	(172,874)	311,874	139,000
Company			
At 1 January 2015	(142,174)	311,874	169,700
Net change in fair value	485,102	(203,504)	281,598
Amounts transferred to income statement	(820,766)	-	(820,766)
At 31 December 2015	(477,838)	108,370	(369,468)
At 1 January 2014	80,065	486,347	566,412
Net change in fair value	(46,983)	(132,396)	(179,379)
Amounts transferred to income statement	(175,256)	-	(175,256)
Transfer to profit or loss on disposal	-	(42,077)	(42,077)
At 31 December 2014	(142,174)	311,874	169,700

NOTES TO THE FINANCIAL STATEMENTS

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28 DIVIDENDS

Dividends declared or proposed by the Company are as follows:

	2015		2014	
	Gross dividend per share	Amount of dividend net of tax	Gross dividend per share	Amount of dividend net of tax
	Sen	RM'000	Sen	RM'000
First and final single tier dividend of 3 sen per ordinary share paid in respect of the financial year ended 31 December 2014 (2014: First and final single-tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2013)	3.00	83,489	4.00	111,292

29 COMMITMENTS AND OPERATING LEASES

(a) Capital commitments not provided for in the financial statements are as follows:

	Group and Company	
	2015	2014
	RM'000	RM'000
Property, plant and equipment:		
- Approved and contracted for	76,136,654	63,257,559
- Approved but not contracted for	18,397,931	14,452,618
	94,534,585	77,710,177

The capital commitments for the Group and Company are in respect of aircraft purchase and the construction of a new office building. The future commitments of aircraft purchase and construction of new office building are as follows:

	Group and Company	
	2015	2014
	RM'000	RM'000
Not later than 1 year	1,716,182	1,131,682
Later than 1 year and not later than 5 years	12,855,609	8,072,885
Later than 5 years	61,564,863	54,052,992
	76,136,654	63,257,559

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29 COMMITMENTS AND OPERATING LEASES (CONTINUED)

(b) Non-cancellable operating leases

The future minimum lease payments and sublease receipts under non-cancellable operating leases are as follows:

	2015		2014	
	Future minimum lease payments RM'000	Future minimum sublease receipts RM'000	Future minimum lease payments RM'000	Future minimum sublease receipts RM'000
Group				
Not later than 1 year	471,114	1,059,115	179,353	816,986
Later than 1 year and not later than 5 years	2,036,298	4,608,811	667,617	3,140,181
Later than 5 years	418,746	1,683,782	466,627	2,237,442
	2,926,158	7,351,708	1,313,597	6,194,609
Company				
Not later than 1 year	61,666	385,499	179,353	816,986
Later than 1 year and not later than 5 years	272,287	1,645,773	667,617	3,140,181
Later than 5 years	-	1,170,076	466,627	2,237,442
	333,953	3,201,348	1,313,597	6,194,609

Sublease receipts include lease receipts from both owned and leased aircraft receivable from Thai AirAsia Co. Ltd, PT Indonesia AirAsia, AirAsia Inc, Zest Airways Inc and AirAsia (India) Private Limited.

30 SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker, which is the Group's Chief Executive Officer ("GCEO") effective 1 July 2015. The GCEO considers the business from a geographical perspective and identified the operating segments by each Air Operator Certificate ("AOC") held under the AirAsia brand. These are categorised as Malaysia, Thailand, Indonesia, Philippines, India and Japan.

The GCEO assesses the performance of the operating segments based on revenue and net operating profit.

Segment analysis by product categories has not been prepared as the Group is primarily engaged in the provision of air transportation services. Reconciliation to the reportable segments relates to the elimination of the associate companies.

Following the change in operating segments during the financial year, comparatives have been re-presented to align with the current year's presentation.

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30 SEGMENTAL INFORMATION (CONTINUED)

The segmental information provided to the GCEO for the reportable segments are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination adjustments RM'000	Total RM'000
2015								
Segment results								
Revenue	6,297,658	3,369,183	1,464,188	768,019	318,967	-	(1,423,121)	10,794,894
Operating expenses:								
- Staff costs	(759,420)	(385,096)	(196,253)	(126,384)	(76,138)	(43,728)	-	(1,587,019)
- Depreciation of property, plant and equipment	(703,245)	(126,367)	(28,687)	(36,486)	(2,773)	(946)	-	(898,504)
- Aircraft fuel expenses	(2,000,650)	(1,122,449)	(616,241)	(355,032)	(139,646)	(1,096)	-	(4,235,114)
- Maintenance and overhaul	(196,883)	(266,951)	(224,413)	(143,675)	(29,521)	(868)	457,064	(405,247)
- User charges and other related expenses	(685,013)	(540,704)	(238,698)	(105,043)	(44,847)	(841)	-	(1,615,146)
- Aircraft operating lease expenses	(330,790)	(473,551)	(336,140)	(170,125)	(68,311)	(4,428)	966,057	(417,288)
- Other operating expenses	157,012	(218,125)	(99,438)	(58,554)	(62,793)	(12,277)	68,770	(225,405)
Other income	257,975	71,040	17,683	48,090	3,496	-	(68,770)	329,514
Operating profit/(loss)	2,036,644	306,980	(257,999)	(179,190)	(101,566)	(64,184)	-	1,740,685
Finance income	154,148	13,543	795	50	2,568	2	(34,602)	136,504
Finance costs	(724,035)	(52,189)	(58,374)	(33,851)	(4)	(28)	34,602	(833,879)
Net operating profit/(loss)	1,466,757	268,334	(315,578)	(212,991)	(99,002)	(64,210)	-	1,043,310
Foreign exchange losses	(772,109)	(23,380)	(370,159)	(53,600)	(7,857)	(125)	-	(1,227,230)
Gain on disposal of interest in a joint venture	320,500	-	-	-	-	-	-	320,500
Share of results of joint ventures	25,492	-	-	-	-	-	-	25,492
Share of results of associates	(825,490)	-	-	-	-	-	839,984	14,494
Profit/(Loss) before taxation	215,150	244,954	(685,737)	(266,591)	(106,859)	(64,335)	839,984	176,566

There is no single customer who contributed to 10% or more of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

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30 SEGMENTAL INFORMATION (CONTINUED)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination adjustments RM'000	Total RM'000
2015								
Segment Assets								
Property, plant and equipment	10,927,645	2,160,469	449,194	226,110	23,143	11,301	-	13,797,862
Deposits, cash and bank balances	2,426,696	900,355	32,576	13,777	34,900	21,349	-	3,429,653
Investment in joint ventures and associates	1,184,664	-	-	-	-	-	(839,984)	344,680
Other assets	6,777,252	394,908	1,023,025	1,316,991	48,089	27,573	(1,449,608)	8,138,230
	21,316,257	3,455,732	1,504,795	1,556,878	106,132	60,223	(2,289,592)	25,710,425
Segment Liabilities								
Borrowings	(12,612,835)	(1,672,237)	(494,425)	(379,597)	-	-	492,682	(14,666,412)
Others	(4,252,568)	(918,939)	(1,421,580)	(2,776,956)	(170,025)	(9,378)	956,926	(8,592,520)
	(16,865,403)	(2,591,176)	(1,916,005)	(3,156,553)	(170,025)	(9,378)	1,449,608	(23,258,932)
2014								
Segment results								
Revenue	5,415,744	2,557,816	1,757,282	591,682	45,432	-	(795,165)	9,572,791
Operating expenses:								
- Staff costs	(667,277)	(283,187)	(181,189)	(115,723)	(35,028)	(9,230)	-	(1,291,634)
- Depreciation of property, plant and equipment	(719,497)	(80,572)	(27,469)	(14,026)	(195)	(88)	-	(841,847)
- Aircraft fuel expenses	(2,254,237)	(1,137,128)	(887,891)	(346,162)	(30,627)	-		(4,656,045)
- Maintenance and overhaul	(149,411)	(187,820)	(198,966)	(119,503)	(3,488)	-	-	(659,188)
- User charges and other related expenses	(545,279)	(356,775)	(148,917)	(94,087)	(5,072)	-	-	(1,150,130)
- Aircraft operating lease expenses	(198,280)	(378,382)	(326,584)	(155,075)	(14,369)	-	795,165	(277,525)
- Other operating expenses	(233,760)	(154,734)	(168,566)	(213,279)	(10,449)	(10,373)	61,108	(730,053)
Other income	178,029	51,672	2,258	-	119	-	(61,108)	170,970
Operating profit/(loss)	826,032	30,890	(180,042)	(466,173)	(53,677)	(19,691)	-	137,339
Finance income	121,869	22,255	477	-	531	-	(58,322)	86,810
Finance costs	(533,967)	(31,550)	(59,144)	(45,312)	(54)	-	58,322	(611,705)
Net operating profit/(loss)	413,934	21,595	(238,709)	(511,485)	(53,200)	(19,691)	-	(387,556)
Foreign exchange (losses)/gains	(418,792)	12,714	(5,439)	(9,210)	(1,406)	-	-	(422,133)
Share of results of joint ventures	57,266	-	-	-	-	-	-	57,266
Share of results of associates	(29,707)	-	-	-	-	-	25,976	(3,731)
Profit/(loss) before taxation	22,701	34,309	(244,148)	(520,695)	(54,606)	(19,691)	25,976	(756,154)

There is no single customer who contributed to 10% or more of the Group's total revenue.

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30 SEGMENTAL INFORMATION (CONTINUED)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Philippines RM'000	India RM'000	Japan RM'000	Elimination adjustments RM'000	Total RM'000
2014								
Segment Assets								
Property, plant and equipment	12,533,535	1,693,852	422,209	221,548	1,905	1,013	-	14,874,062
Deposits, cash and bank balances	1,337,849	527,401	60,782	14,387	57,133	10,463	-	2,008,015
Investment in joint ventures and associates	422,074	-	-	-	-	-	(25,976)	396,098
Other assets	6,370,660	509,909	326,142	1,546,857	6,903	62	(2,289,801)	6,470,732
	20,664,118	2,731,162	809,133	1,782,792	65,941	11,538	(2,315,777)	23,748,907
Segment Liabilities								
Borrowings	(12,728,018)	(1,283,963)	(460,880)	(338,158)	-	-	458,715	(14,352,304)
Others	(3,381,009)	(787,941)	(1,245,393)	(2,565,429)	(78,604)	(937)	1,831,086	(6,228,227)
	(16,109,027)	(2,071,904)	(1,706,273)	(2,903,587)	(78,604)	(937)	2,289,801	(20,580,531)

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30 SEGMENTAL INFORMATION (CONTINUED)

	2015 RM'000	2014 RM'000
(a) Reconciliation of segment revenue to reported revenue:		
Segment revenue	12,218,015	10,367,956
Less: Inter-segment revenue	(1,423,121)	(795,165)
Less: Revenue from associated companies which were not consolidated	(4,497,236)	(4,157,047)
	6,297,658	5,415,744
(b) Reconciliation of segment loss before taxation to reported loss before taxation:		
Segment profit/(loss) before taxation	176,566	(756,154)
Add: Expenses from affiliates which were not consolidated	38,584	778,855
	215,150	22,701
(c) Reconciliation of segment assets to reported total assets:		
Segment assets	25,710,425	23,748,907
Less: Assets of affiliates which were not consolidated	(4,394,168)	(3,084,789)
	21,316,257	20,664,118
(d) Reconciliation of segment liabilities to reported total liabilities:		
Segment liabilities	23,258,932	20,580,531
Less: Liabilities of affiliates which were not consolidated	(6,393,529)	(4,471,504)
	16,865,403	16,109,027

NOTES TO THE FINANCIAL STATEMENTS

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31 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

The related parties of the Company and their relationships at 31 December 2015 are as follows:

Related companies	Relationship
AirAsia Go Holiday Sdn Bhd	Subsidiary
AirAsia (Mauritius) Limited	Subsidiary
AirAsia Investment Limited	Subsidiary
Koolred Sdn Bhd	Subsidiary
AirAsia Global Shared Services Sdn Bhd	Subsidiary
Asia Aviation Capital Ltd	Subsidiary
MadCience Sdn Bhd	Subsidiary
TPaay Asia Sdn Bhd	Subsidiary
Tune Box Sdn Bhd	Subsidiary
Rokki Avionics Sdn Bhd	Subsidiary
Think Big Digital Sdn Bhd	Associate
PT Indonesia AirAsia	Associate of a subsidiary
AirAsia Inc	Associate of a subsidiary
Thai AirAsia Co. Ltd	Associate of a subsidiary
AirAsia Japan Co. Ltd	Associate of a subsidiary
AirAsia (India) Private Limited	Associate of a subsidiary
AAE Travel Pte Ltd	Associate of a subsidiary
Zest Airways Inc	Associate of an associate
Asian Aviation Centre of Excellence Sdn Bhd	Joint venture
AirAsia X Berhad	Company with common directors and shareholders
Tune Insurance Malaysia Berhad	Company with common directors and shareholders
Queen Park Rangers Holdings Ltd	Company with common directors and shareholders
Thai AirAsia X Co. Ltd	Company with common directors and shareholders
PT Indonesia AirAsia Extra	Company with common directors and Shareholders
Caterhamjet Global Ltd	Company with common directors and Shareholders

All related party transactions were carried out on agreed terms and conditions.

Key management personnel are categorised as head or senior management officers of key operating divisions within the Group and Company. The key management compensation is disclosed in Note 31(d) below.

Related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

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31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) Income:				
Aircraft operating lease income for owned and leased aircraft				
- Thai AirAsia Co. Ltd	458,246	374,529	286,874	374,529
- PT Indonesia AirAsia	327,657	324,247	283,937	324,247
- AirAsia Inc/Zest Airway Inc	82,899	80,847	61,928	80,847
- AirAsia (India) Private Limited	67,550	14,782	56,799	14,782
- AirAsia Japan Co. Ltd	3,617	-	-	-
- PT Indonesia AirAsia Extra	22,064	-	-	-
- Others	5,430	-	-	-
Gain on disposal of aircraft to Thai AirAsia Co. Ltd	22,759	11,377	-	-
Fees charged to associates and related party providing commercial air transport services	91,076	69,638	91,076	69,638
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	18,714	12,985	18,714	12,985
(b) Recharges:				
Recharges of expenses to				
- Thai AirAsia Co. Ltd	159,766	102,456	159,766	102,456
- PT Indonesia AirAsia	111,295	356,240	111,295	356,240
- AirAsia Inc	49,665	31,341	49,665	31,341
- Zest Airways Inc	14,269	20,706	14,269	20,706
- AirAsia X Berhad	7,833	7,576	7,833	7,576
Recharges of expenses by				
- Thai AirAsia Co. Ltd	(8,881)	(14,304)	(8,881)	(14,304)

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31 December 2015

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(c) Other charges/(expenses):				
Maintenance reserve fund charged to				
- PT Indonesia Airasia	157,843	147,839	156,594	147,839
- Thai AirAsia Co. Ltd	177,446	141,866	167,868	141,866
- AirAsia Inc	10,395	8,884	9,678	8,884
- Zest Airways Inc	35,207	22,136	33,732	22,136
- AirAsia (India) Private Limited	23,268	2,079	22,624	2,079
- PT Indonesia AirAsia Extra	7,563	-	-	-
Interest charges to				
- PT Indonesia AirAsia	22,179	34,010	22,179	34,010
- AirAsia Inc	12,423	24,312	12,423	24,312
- MadCience Sdn Bhd	-	-	399	-
Provision of sponsorship to Queen Park Rangers Holdings Ltd	(5,620)	(9,003)	(5,620)	(9,003)
Charter air travel services charged by AirAsia X Berhad	(10,940)	(8,827)	(10,940)	(8,827)
Charter air travel services charged by Thai AirAsia X Co. Ltd	(772)	-	(772)	-
In-flight entertainment system and solutions costs charged by Rokki Avionics Sdn Bhd	-	(12,242)	(19,095)	(12,242)
(d) Key management compensation:				
- Basic salaries, bonus, allowances and other employee benefits	24,638	20,523	23,078	19,509
- Defined contribution plan	2,879	2,503	2,692	2,362
	27,517	23,026	25,770	21,871

Included in the key management compensation are Executive Directors' remuneration as disclosed in Note 2 to the financial statements.

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31 December 2015

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(e) Receivables:				
Subsidiaries				
- AirAsia (Mauritius) Limited	-	-	-	40,911
- AirAsia Investment Limited	-	-	100,645	83,249
- MadCience Sdn Bhd	-	-	14,905	-
- AirAsia Global Shared Services Sdn Bhd	-	-	14,469	15,812
- Asia Aviation Capital Limited	-	-	274,104	-
- AirAsia Go Holiday Sdn Bhd	-	-	-	31,358
- Others	-	-	2,102	2,623
Amounts due from subsidiaries	-	-	406,225	173,953
Joint ventures				
- Asian Aviation Centre of Excellence Sdn Bhd	5,708	33,770	5,708	33,770
- AAE Travel Pte Ltd	-	17,418	-	662
Amounts due from joint ventures	5,708	51,188	5,708	34,432
Associates				
- Thai AirAsia Co. Ltd	84,247	11,525	29,710	10,966
- PT Indonesia AirAsia	534,087	1,411,097	510,775	1,410,431
- AirAsia Inc (including Zest Airway Inc)	842,149	950,910	722,454	860,487
- AirAsia (India) Private Limited	64,652	77,001	60,266	75,984
- Think Big Digital Sdn Bhd	3,183	4,200	3,183	4,200
- AirAsia Japan Co. Ltd	6,232	-	6,003	-
- Others	2,539	598	454	594
Amounts due from associates	1,537,089	2,455,331	1,332,845	2,362,662
Related parties				
- Caterhamjet Global Ltd	1,366	454	1,366	454
- Thai AirAsia X Co. Ltd	10,076	-	9,401	-
- PT Indonesia AirAsia Extra	25,115	-	-	-
- AirAsia X Berhad	6,009	-	3,735	-
- Others	1,285	2,725	1,285	2,690
Amounts due from related parties	43,851	3,179	15,787	3,144

NOTES TO THE FINANCIAL STATEMENTS

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31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(f) Payables:				
Subsidiaries				
- AirAsia Go Holiday Sdn Bhd	-	-	302,172	-
- AirAsia (Mauritius) Limited	-	-	38,813	-
- Others	-	-	231	-
Amounts due to subsidiaries	-	-	341,216	-
Associates				
- Thai AirAsia Co. Ltd	65,364	83,545	14,645	64,965
- AirAsia (India) Private Limited	10,852	-	6,977	-
- Zest Airways Inc	-	55,110	-	55,110
Amounts due to associates	76,216	138,655	21,622	120,075
Related parties				
- AirAsia X Berhad	-	13,979	-	13,979
- Thai AirAsia X Co. Ltd	-	6,116	-	6,116
- PT Indonesia AirAsia Extra	13,661	4,598	13,661	4,598
Amounts due to related parties	13,661	24,693	13,661	24,693

NOTES TO THE FINANCIAL STATEMENTS

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32 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	Loans and receivables RM'mil	Assets at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Available for sale RM'mil	Total RM'mil
Group					
31 December 2015					
Assets as per balance sheet					
Available-for-sale financial assets	-	-	-	235	235
Receivables excluding prepayments	588	-	-	-	588
Amounts due from associates	1,537	-	-	-	1,537
Amounts due from joint ventures	6	-	-	-	6
Amounts due from related parties	44	-	-	-	44
Deposits on aircraft purchase	683	-	-	-	683
Derivative financial instruments	-	229	1,136	-	1,365
Deposits, cash and bank balances	2,427	-	-	-	2,427
Total	5,285	229	1,136	235	6,885

	Liabilities at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Other financial liabilities at amortised cost RM'mil	Total RM'mil
Group				
31 December 2015				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	-	-	11,731	11,731
Finance lease liabilities	-	-	882	882
Derivative financial instruments	108	712	-	820
Trade and other payables (excluding aircraft maintenance accruals)	-	-	2,042	2,042
Amount due to associates	-	-	76	76
Amount due to a related party	-	-	14	14
Total	108	712	14,745	15,565

NOTES TO THE FINANCIAL STATEMENTS

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32 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

	Loans and receivables RM'mil	Assets at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Available for sale RM'mil	Total RM'mil
Group					
31 December 2014					
Assets as per balance sheet					
Available-for-sale financial assets	-	-	-	385	385
Receivables excluding prepayments	520	-	-	-	520
Amounts due from associates	2,455	-	-	-	2,455
Amounts due from joint ventures	51	-	-	-	51
Amounts due from related parties	3	-	-	-	3
Derivative financial instruments	-	62	606	-	668
Deposits, cash and bank balances	1,338	-	-	-	1,338
Total	4,367	62	606	385	5,420

	Liabilities at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Other financial liabilities at amortised cost RM'mil	Total RM'mil
Group				
31 December 2014				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	-	-	11,933	11,933
Finance lease liabilities	-	-	795	795
Derivative financial instruments	76	644	-	720
Trade and other payables (excluding aircraft maintenance accruals)	-	-	773	773
Amount due to associates	-	-	139	139
Amount due to a related party	-	-	25	25
Total	76	644	13,665	14,385

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

32 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

	Loans and receivables RM'mil	Assets at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Available for sale RM'mil	Total RM'mil
Company					
31 December 2015					
Assets as per balance sheet					
Available-for-sale financial assets	-	-	-	235	235
Receivables excluding prepayments	507	-	-	-	507
Amounts due from subsidiaries	406	-	-	-	406
Amounts due from associates	1,333	-	-	-	1,333
Amounts due from joint ventures	6	-	-	-	6
Amounts due from related parties	16	-	-	-	16
Deposits on aircraft purchase	683	-	-	-	683
Derivative financial instruments	-	229	1,136	-	1,365
Deposits, cash and bank balances	2,263	-	-	-	2,263
Total	5,214	229	1,136	235	6,814

	Liabilities at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Other financial liabilities at amortised cost RM'mil	Total RM'mil
Company				
31 December 2015				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	-	-	10,801	10,801
Finance lease liabilities	-	-	882	882
Derivative financial instruments	108	712	-	820
Trade and other payables (excluding aircraft maintenance accruals)	-	-	1,902	1,902
Amount due to associates	-	-	22	22
Amount due to subsidiaries	-	-	341	341
Amount due to related parties	-	-	14	14
Total	108	712	13,962	14,782

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31 December 2015

32 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

	Loans and receivables RM'mil	Assets at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Available for sale RM'mil	Total RM'mil
Company					
31 December 2014					
Assets as per balance sheet					
Available-for-sale financial assets	-	-	-	385	385
Receivables excluding prepayments	456	-	-	-	456
Amounts due from subsidiaries	174	-	-	-	174
Amounts due from associates	2,363	-	-	-	2,363
Amounts due from joint ventures	34	-	-	-	34
Amounts due from related parties	3	-	-	-	3
Derivative financial instruments	-	62	606	-	668
Deposits, cash and bank balances	1,319	-	-	-	1,319
Total	4,349	62	606	385	5,402

	Liabilities at fair value through the profit and loss RM'mil	Derivatives used for hedging RM'mil	Other financial liabilities at amortised cost RM'mil	Total RM'mil
Company				
31 December 2014				
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	-	-	11,933	11,933
Finance lease liabilities	-	-	795	795
Derivative financial instruments	76	644	-	720
Trade and other payables (excluding aircraft maintenance accruals)	-	-	782	782
Amount due to associates	-	-	120	120
Amount due to a related party	-	-	25	25
Total	76	644	13,655	14,375

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31 December 2015

32 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group		Company	
	2015	2014	2015	2014
	RM'mil	RM'mil	RM'mil	RM'mil
Counterparties without external credit rating				
Group 1	2	1	2	1
Group 2	109	149	83	111
	111	150	85	112
Cash at bank and short term bank deposits				
AAA to A-	1,855	1,323	1,688	1,304
BBB to B3	572	15	575	15
	2,427	1,338	2,263	1,319
Derivative financial assets				
AA+ to A+	115	55	115	55
A to BBB-	868	334	868	334
No rating	382	279	382	279
	1,365	668	1,365	668

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32 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit quality of financial assets (continued)

	Group		Company	
	2015	2014	2015	2014
	RM'mil	RM'mil	RM'mil	RM'mil
Amounts due from subsidiaries				
Group 2	-	-	406	174
Amounts due from joint ventures				
Group 2	6	51	6	34
Amounts due from associates				
Group 2	1,537	2,455	1,333	2,363
Amounts due from related parties				
Group 2	44	3	16	3

Group 1 – New customers/related parties (Less than 6 months).
Group 2 – Existing customers/related parties (more than 6 months) with no defaults in the past.
Group 3 – Existing customers/related parties (more than 6 months) with some defaults in the past.

All defaults were fully recovered.

All other receivables and deposits are substantially with existing counterparties with no history of default.

33 FINANCIAL RISK MANAGEMENT POLICIES

The Group and Company is exposed to market risk (including fuel price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group and Company uses financial instruments such as fuel swaps, interest rate swaps and caps, and foreign currency forwards to mitigate its financial risks.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Financial risk management policies and procedures are reviewed regularly to reflect changes in the market condition and the Group's and Company's activities.

The Group and Company also seeks to ensure that the financial resources that are available for the development of the Group's and Company's businesses are constantly monitored and managed vis-a-vis its ongoing exposure to fuel price, interest rate, foreign currency, credit, liquidity and cash flow risks.

The policies in respect of the major areas of treasury activities are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, jet fuel prices and interest rates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS

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33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Fuel price risk

The Group and Company are exposed to jet fuel price risk and seek to hedge their fuel requirements using fuel swaps (Note 18). If a barrel of jet fuel/ Brent oil at 31 December 2014 and 31 December 2015 had been USD5 higher/lower with all other variables held constant, the impact on the post-tax profit and equity for the year are as follows:

	Group and Company			
	2015		2014	
	+USD5	-USD5	+USD5	-USD5
	RM'mil	RM'mil	RM'mil	RM'mil
Impact on post-tax profits	3.8	(4.6)	-	-
Impact on other comprehensive income	58.2	(58.2)	52.6	(52.6)

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is that risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate exposure arises from the Group's and Company's floating rate borrowings and is managed by entering into derivative financial instruments. Derivative financial instruments are used, as far as possible and where appropriate, to generate the desired fixed interest rate profile. Surplus funds are placed with reputable financial institutions.

The Group and Company manages its cash flow interest rate risk by entering into a number of immediate interest rate swap contracts and cross currency swap contracts that effectively converts its existing long-term floating rate debt facilities into fixed rate debt (Note 18).

If interest rate on USD denominated borrowings at 31 December 2015 had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax profit for the year and equity arising from the cash flow interest rate risk would be minimal when considered with the hedging of the floating rate loans (Note 18).

If interest rate on USD denominated borrowings at 31 December 2015 had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax profit for the financial year and equity, as a result of an increase/decrease in the fair value of the interest rate derivative financial instruments under cash flow hedges are tabulated below. The impact on post-tax profits arises only from derivative held for trading, and the impact to other comprehensive income arises from derivative designated as hedging instruments:

	Group and Company			
	2015		2014	
	+60bps	-60bps	+60bps	-60bps
	RM'mil	RM'mil	RM'mil	RM'mil
Impact on post tax profits	13.0	(12.8)	15.3	(15.2)
Impact on other comprehensive income	72.1	(76.2)	71.0	(74.9)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The remaining terms of the outstanding interest rate derivative contracts of the Group and Company at 31 December 2015, which are all denominated in USD, are as follows:

	2015 RM'mil	2014 RM'mil
Later than 1 year but less than 5 years:		
Interest rate caps	361	137
Interest rate swaps	1,496	688
Cross currency interest rate swaps	111	-
Later than 5 years:		
Interest rate caps	-	201
Interest rate swaps	2,258	2,673
Cross currency interest rate swaps	321	476
	4,547	4,175

(iii) Foreign currency risk

The Group and Company is exposed to currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency or whenever possible, by intragroup arrangements and settlements.

58% (2014: 51%) of USD denominated borrowings are hedged by long dated foreign exchange forward contracts (Note 18).

If RM had weakened/strengthened by 5% against the USD as at 31 December 2015 with all other variables held constant, post-tax profit for the financial year would have been RM293.9 million (2014: RM293.2 million) lower/higher. Similarly, the impact on other comprehensive income would have been RM15.9 million (2014: RM4.8 million) higher/lower due to the cash flow hedging in USD.

If RM had weakened/strengthened by 5% against the RMB as at 31 December 2015 with all other variables held constant, post-tax profit for the financial year would have been RM28.7 million (2014: RM38.9 million) lower/higher.

The exposure to other foreign currency risk of the Group and Company is not material and hence, sensitivity analysis is not presented.

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Foreign currency risk (continued)

The Group's currency exposure profile of financial instruments denominated in currencies other than the functional currency is as follows:

	USD RM'mil	SGD RM'mil	RMB RM'mil	Others RM'mil
At 31 December 2015				
Financial assets				
Receivables	387	-	-	57
Deposits on aircraft purchase	683	-	-	-
Amounts due from associates	1,534	-	-	-
Derivative financial instruments	1,365	-	-	-
Amount due from a related party	37	-	-	-
Deposits, cash and bank balances	1,013	43	765	150
	5,019	43	765	207
Financial liabilities				
Trade and other payable (excluding aircraft maintenance accruals)	787	17	-	10
Amounts due to associates	76	-	-	-
Amounts due to related parties	14	-	-	-
Borrowings	10,734	217	-	168
Derivative financial instruments	820	-	-	-
	12,431	234	-	178
Net exposure	(7,412)	(191)	765	29
At 31 December 2014				
Financial assets				
Receivables	212	9	36	67
Amounts due from associates	2,451	-	-	-
Amounts due from joint ventures	-	17	-	-
Derivative financial instruments	668	-	-	-
Amount due from a related party	3	-	-	-
Deposits, cash and bank balances	76	15	1,018	49
	3,410	41	1,054	116
Financial liabilities				
Trade and other payables (excluding aircraft maintenance accruals)	131	39	18	61
Amounts due to associates	139	-	-	-
Amounts due to related parties	11	-	-	-
Borrowings	10,100	202	-	140
Derivative financial instruments	720	-	-	-
	11,101	241	18	201
Net exposure	(7,691)	(200)	1,036	(85)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a) Market risk (continued)

(iii) Foreign currency risk (continued)

The Company's currency exposure profile of financial instruments denominated in currencies other than the functional currency is as follows:

	USD RM'mil	SGD RM'mil	RMB RM'mil	Others RM'mil
At 31 December 2015				
Financial assets				
Receivables	319	-	-	57
Amounts due from subsidiaries	375	-	-	-
Amounts due from associates	1,330	-	-	-
Amounts due from related parties	11	-	-	-
Deposits on aircraft purchase	683	-	-	-
Derivative financial instruments	1,365	-	-	-
Deposits, cash and bank balances	900	13	765	150
	4,983	13	765	207
Financial liabilities				
Trade and other payables (excluding aircraft maintenance accruals)	769	17	-	10
Amounts due to subsidiaries	39	-	-	-
Amounts due to associates	22	-	-	-
Amounts due to related parties	14	-	-	-
Borrowings	9,829	217	-	144
Derivative financial instruments	820	-	-	-
	11,493	234	-	154
Net exposure	(6,510)	(221)	765	53
At 31 December 2014				
Financial assets				
Receivables	154	9	36	67
Amounts due from subsidiaries	125	-	-	-
Amounts due from associates	2,358	-	-	-
Amounts due from joint ventures	-	1	-	-
Amounts due from related parties	3	-	-	-
Derivative financial instruments	668	-	-	-
Deposits, cash and bank balances	59	15	1,018	49
	3,367	25	1,054	116
Financial liabilities				
Trade and other payables (excluding aircraft maintenance accruals)	144	39	18	61
Amount due to an associate	120	-	-	-
Amounts due to related parties	11	-	-	-
Borrowings	10,100	202	-	140
Derivative financial instruments	720	-	-	-
	11,095	241	18	201
Net exposure	(7,728)	(216)	1,036	(85)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(b) Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and Company's receivables from customers, cash and cash equivalents and financial assets (derivative instruments).

The Group's and Company's exposure to credit risks or the risk of counterparties defaulting arises mainly from various deposits and bank balances, receivables and derivative financial instruments. As the Group and Company does not hold collateral, the maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Group's and Company's deposits and bank balances and derivative financial instruments are placed or transacted with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments. The credit quality of financial assets that are neither past due nor impaired are disclosed in Note 32(b) to the financial statements.

The Group and Company generally has no concentration of credit risk arising from trade receivables.

(c) Liquidity and cash flow risk

The Group's and Company's policy on liquidity risk management is to maintain sufficient cash and cash equivalents and to have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

The Directors are committed to ensuring that the Group and Company will have sufficient funds to enable the Group and Company to meet their liabilities as they fall due and to carry on their business without significant curtailment of operations, including raising funds from the market.

The table below analyses the Group's and Company's payables, non-derivative financial liabilities, gross-settled and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year RM'mil	1-2 years RM'mil	2-5 years RM'mil	Over 5 years RM'mil
Group				
At 31 December 2015				
Term loans	1,908	1,657	4,709	3,909
Finance lease liabilities	148	149	417	385
Commodity Murabahah Finance	85	84	245	394
Revolving credit	732	-	-	-
Trade and other payables (excluding aircraft maintenance accrual)	1,512	530	-	-
Amounts due to associates	-	-	-	76
Amounts due to related parties	14	-	-	-
	4,399	2,420	5,371	4,764

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Liquidity and cash flow risk (continued)

	Less than 1 year RM'mil	1-2 years RM'mil	2-5 years RM'mil	Over 5 years RM'mil
Group (continued)				
At 31 December 2014				
Term loans	1,830	1,520	4,753	4,448
Finance lease liabilities	120	121	380	396
Commodity Murabahah Finance	85	85	254	469
Revolving credit	765	-	-	-
Trade and other payables	773	-	-	-
Amounts due to associates	55	-	-	84
Amounts due to related parties	25	-	-	-
	3,653	1,726	5,387	5,397
Company				
At 31 December 2015				
Term loans	1,746	1,494	4,218	3,655
Finance lease liabilities	148	149	417	385
Commodity Murabahah Finance	85	84	245	394
Revolving credit	732	-	-	-
Trade and other payables (excluding aircraft maintenance accruals)	1,401	501	-	-
Amounts due to subsidiaries	341	-	-	-
Amounts due to associates	-	-	-	22
Amounts due to related parties	14	-	-	-
	4,467	2,228	4,880	4,456
At 31 December 2014				
Term loans	1,830	1,520	4,753	4,448
Finance lease liabilities	120	121	380	396
Commodity Murabahah Finance	85	85	254	469
Revolving credit	765	-	-	-
Trade and other payables	782	-	-	-
Amounts due to associates	55	-	-	65
Amounts due to related parties	25	-	-	-
	3,662	1,726	5,387	5,378

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Liquidity and cash flow risk (continued)

	Less than 1 year RM'mil	1-2 years RM'mil	2-5 years RM'mil	Over 5 years RM'mil
Group and Company				
At 31 December 2015				
Net-settled derivatives				
Trading	37	19	26	-
Hedging	580	52	63	5
Gross-settled derivatives				
Trading – outflow	-	-	-	-
Trading – inflow	-	-	-	-
At 31 December 2014				
Net-settled derivatives				
Trading	28	20	27	3
Hedging	529	55	60	5
Gross-settled derivatives				
Trading – outflow	-	-	-	-
Trading – inflow	-	-	-	-

(d) Capital risk management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern and to maintain an optimal capital structure so as to provide returns for shareholders and benefits for other stakeholders.

In order to optimise the capital structure, or the capital allocation amongst the Group's and Company's various businesses, the Group and Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on new debts or sell assets to reduce debt.

The Group's and Company's overall strategy remains unchanged from 2014.

Consistent with others in the industry, the Group and Company monitors capital utilisation on the basis of the net gearing ratio. This net gearing ratio is calculated as net debts divided by total equity. Net debts are calculated as total borrowings (including "short term and long term borrowings" as shown in the Group's and Company's balance sheet) less deposit, cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(d) Capital risk management (continued)

The net gearing ratio as at 31 December 2015 and 31 December 2014 was as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'mil	RM'mil	RM'mil	RM'mil
Total borrowings (Note 25)	12,613	12,728	11,683	12,728
Less: Deposit, cash and bank balances	(2,427)	(1,338)	(2,263)	(1,319)
Net debt	10,186	11,390	9,420	11,409
Total equity	4,451	4,555	3,671	4,221
Net Gearing Ratio (times)	2.29	2.50	2.57	2.70

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 31 December 2014.

(e) Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Determination of fair value and fair value hierarchy

The Group's and Company's financial instruments are measured in the statement of financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Fair value measurement (continued)

The following table presents the Group and Company's assets and liabilities that are measured at fair value.

	Level 1 RM'mil	Level 2 RM'mil	Level 3 RM'mil	Total RM'mil
Group				
31 December 2015				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	229	-	229
Derivatives used for hedging	-	1,136	-	1,136
Available-for-sale investments	235	-	-	235
	235	1,365	-	1,600
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	108	-	108
Derivatives used for hedging	-	712	-	712
	-	820	-	820
31 December 2014				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	62	-	62
Derivatives used for hedging	-	606	-	606
Available-for-sale investments	385	-	-	385
	385	668	-	1,053
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	76	-	76
Derivatives used for hedging	-	644	-	644
	-	720	-	720

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Fair value measurement (continued)

	Level 1 RM'mil	Level 2 RM'mil	Level 3 RM'mil	Total RM'mil
Company				
31 December 2015				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	229	-	229
Derivatives used for hedging	-	1,136	-	1,136
Available-for-sale investments	235	-	-	235
	235	1,365	-	1,600
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	108	-	108
Derivatives used for hedging	-	712	-	712
	-	820	-	820
31 December 2014				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	62	-	62
Derivatives used for hedging	-	606	-	606
Available-for-sale investments	385	-	-	385
	385	668	-	1,053
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	76	-	76
Derivatives used for hedging	-	644	-	644
	-	720	-	720

33 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Fair value measurement (continued)

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

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

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- The fair value of fuel swap contracts is determined using forward fuel price at the balance sheet date, with the resulting value discounted back to present value.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques, including discounted cash flow projections.

34 UNCONSOLIDATED STRUCTURED ENTITIES

The Company has set up Merah entities, special purpose companies ("SPC") pursuant to aircraft related borrowings obtained from various financial institutions. Under the arrangement, the Company enters into an Aircraft Instalment Sale Agreement with the SPC, permitting the Company to possess and operate each of the Airbus A320 aircraft financed under the facility.

The SPC are orphan trust companies in which the Company has no equity interest. The SPC do not incur any losses or earn any income during the financial year ended 31 December 2015. The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group and Company upon the purchase of the aircraft.

The Group and Company does not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

34 UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

The details of the Merah entities are as follows:

Name	Country of incorporation	Purpose
Merah Satu Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tiga Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Empat Sdn Bhd	Malaysia	Aircraft financing special purpose company
Merah Lima Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Enam Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tujuh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Sembilan 9M-AFX Sdn Bhd	Malaysia	Aircraft financing special purpose company
Merah Sepuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Sebelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Empatbelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Enambelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Lapanbelas Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluhsatu Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluhtiga Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluhlima Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluhtujuh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluhlapan Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Duapuluhsembilan Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigapuluhsatu Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigapuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigapuluhdua Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigapuluhempat Limited	Labuan, Malaysia	Aircraft financing special purpose company
Merah Tigapuluhenam Limited	Labuan, Malaysia	Aircraft financing special purpose company

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

35 SUBSEQUENT EVENTS

On 3 February 2016, the Company entered into a Share Sale Agreement with Tune Money International Sdn. Bhd. for the acquisition of up to 2,072,000 ordinary shares of RM1.00 each ("Shares") representing 25.8% equity interest in the issued and paid up ordinary share capital of Think BIG Digital Sdn. Bhd. ("BIG") for a cash consideration of RM101.5 million. Subsequent to this, the Company's equity stake in BIG has increased to 71.9% and the investment in BIG will be reclassified from an investment in associate to investment in subsidiary.

On 4 February 2016, the Competition Appeal Tribunal ruled in favour of the Company in connection with the RM10 million fine imposed by the Malaysian Competition Commission (MyCC) which was disclosed as a contingent liability as at 31 December 2014. Following this, the Group and Company have no contingent liabilities as at 31 December 2015.

36 RECLASSIFICATION OF COMPARATIVES

For the financial year ended 31 December 2015, the presentation of the 'share of results of associates' and 'share of results of joint ventures' was changed to better reflect the operating performance of the Group.

Previously, 'share of results of associates' and 'share of results of joint ventures' was included in the operating profit of the Group. Comparatives have been re-presented to align with the current year's presentation.

SUPPLEMENTARY INFORMATION

Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of AirAsia Berhad and its subsidiaries:				
- Realised	5,771,224	2,906,177	4,237,044	2,633,804
- Unrealised	(1,698,954)	(91,609)	(1,705,832)	(91,712)
	4,072,270	2,814,568	2,531,212	2,542,092
Total share of accumulated gains from associated companies:				
- Realised	(821,968)	3,521	-	-
Total share of accumulated gains from joint ventures				
- Realised	105,438	79,946	-	-
Total retained earnings as per consolidated financial statements	3,355,740	2,898,035	2,531,212	2,542,092

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

pursuant to section 169(15) of the companies act, 1965

We, Datuk Kamarudin Bin Meranun and Aireen Omar, being two of the Directors of AirAsia Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 163 to 249 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2015 and of the results and the cash flows of the Group and Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965.

The supplementary information set out in page 250 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

In accordance with a resolution of the Board of Directors dated 31 March 2016.

DATUK KAMARUDIN BIN MERANUN
DIRECTOR

AIREEN OMAR
DIRECTOR

STATUTORY DECLARATION

pursuant to section 169(16) of the companies act, 1965

I, How Kim Lian, the Officer primarily responsible for the financial management of AirAsia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 163 to 249 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

HOW KIM LIAN

Subscribed and solemnly declared by the abovenamed How Kim Lian at Kuala Lumpur in Malaysia on 31 March 2016, before me.

SURUHJAYA SUMPAH
No. W 530
TAN SEOK KEIT
MALAYSIA

COMMISSIONER FOR OATHS

Lot 350, 3rd Floor, Wisma MPL
Jalan Raja Chulan,
50200 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

to the members of airasia berhad (incorporated in malaysia) (company no. 284669 w)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AirAsia Berhad on pages 163 to 249 which comprise the balance sheets as at 31 December 2015 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 36.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 250 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

IRVIN GEORGE LUIS MENEZES
(No. 2932/06/16 (J))
Chartered Accountant

Kuala Lumpur
31 March 2016

ANALYSIS OF SHAREHOLDINGS

as at 18 March 2016

DISTRIBUTION OF SHAREHOLDINGS

Class of shares : Ordinary shares of RM0.10 each ("Shares")
Voting rights : One vote per ordinary share

Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares%	% of Issued Share Capital
Less than 100	104	0.32	1,429	0.00
100 – 1,000	7,689	23.57	6,404,769	0.23
1,001 – 10,000	18,284	56.06	85,206,681	3.06
10,001 – 100,000	5,514	16.91	167,791,054	6.03
100,001 to less than 5% of issued shares	1,024	3.14	2,182,470,147	78.43
5% and above of issued shares	1	0.00	341,000,000	12.25
	32,616	100.00	2,782,874,080	100.00

SUBSTANTIAL SHAREHOLDERS

The direct and indirect shareholdings of the shareholders holding more than 5% in AirAsia Berhad ("AirAsia") based on the Register of Substantial Shareholders are as follows:-

	Direct		Indirect	
Names	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tune Air Sdn Bhd ("TASB")	528,542,082 (1)	18.87	-	-
Tan Sri (Dr.) Anthony Francis Fernandes	1,600,000 (2)	0.06	528,542,082 (3)	18.87
Datuk Kamarudin bin Meranun	2,000,000 (2)	0.07	528,542,082 (3)	18.87
Wellington Management International, Ltd	148,858,320 (4)	5.35		
Wellington Management Group LLP	-	-	157,599,290 (5)	5.66
Wellington Group Holdings LLP	-	-	157,599,290 (5)	5.66
Wellington Investment Advisors Holdings LLP	-	-	157,599,290 (5)	5.66
Wellington Management Global Holdings, Ltd.	-	-	148,858,320 (5)	5.35

NOTES:

(1) Shares held under own name, Cimsec Nominees (Tempatan) Sdn. Bhd., HSBC Nominees (Tempatan) Sdn. Bhd., Amsec Nominees (Tempatan) Sdn. Bhd., Kenanga Capital Sdn. Bhd., MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd., and RHB Nominees (Tempatan) Sdn. Bhd.

(2) Shares held under CIMB Group Nominees (Tempatan) Sdn. Bhd.

(3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 ("the Act") through a shareholding of more than 15% in TASB.

(4) Shares held under Cartaban Nominees (Asing) Sdn. Bhd., Citigroup Nominees (Asing) Sdn. Bhd., HSBC Nominees (Asing) Sdn. Bhd., JP Morgan Chase Bank N.A., Mellon Bank, N.A. and RBC Dexia Investor Services.

(5) Wellington Management Group LLP is registered as an investment advisor with the United States Securities and Exchange Commission under Section 203 of the Investment Advisors Act of 1940, as amended and acts as discretionary investment manager on behalf of various separate accounts. Wellington Management International, Ltd is a direct controlled undertaking of Wellington Management Global Holdings, Ltd., which, in turn, is a direct controlled undertaking of Wellington Investment Advisors Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Group Holdings LLP, which, in turn, is a direct controlled undertaking of Wellington Management Group LLP.

ANALYSIS OF SHAREHOLDINGS

as at 18 March 2016

DIRECTORS' SHAREHOLDINGS

The interests of the Directors of AirAsia in the Shares and options over shares in the Company and its related corporations based on the Company's Register of Directors' Shareholdings are as follows:-

	Direct		Indirect	
	No. of Shares Held	**% of Issued Shares**	**No. of Shares Held**	**% of Issued Shares**
Tan Sri (Dr.) Anthony Francis Fernandes	1,600,000 (1)	0.06	528,542,082 (2)	18.87
Datuk Kamarudin Bin Meranun	2,000,000 (1)	0.07	528,542,082 (2)	18.87
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar	-	-	-	-
Dato' Fam Lee Ee	-	-	-	-
Dato' Mohamed Khadar Bin Merican	-	-	-	-
Dato' Sri Gnanaraja A/L M. Gnanasundram	-	-	-	-
Aireen Omar	50,000	-*	-	-
Stuart L Dean	40,000 (3)	-*	-	-
Amit Bhatia	-	-	-	-

NOTES:

* Negligible.
(1) Shares held under CIMB Group Nominees (Tempatan) Sdn. Bhd.
(2) Deemed interested by virtue of Section 6A of the Act through a shareholding of more than 15% in TASB.
(3) Shares held under Cimsec Nominees (Asing) Sdn. Bhd.

LIST OF TOP 30 LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1.	HSBC Nominees (Tempatan) Sdn. Bhd. *Credit Suisse HK for Tune Air Sdn. Bhd.*	341,000,000	12.25
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board*	122,905,849	4.42
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Exempt An for AIA Bhd.*	77,585,500	2.79
4.	Cimsec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tune Air Sdn. Bhd (EDG&GCM)*	75,467,203	2.71
5.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Yayasan Hasanah (AUR-VCAM)*	59,695,300	2.15
6.	HSBC Nominees (Asing) Sdn. Bhd. *BBH and Co Boston for Emerging Markets Portfolio (WTC CTF)*	51,575,964	1.85
7.	Cartaban Nominees (Asing) Sdn. Bhd. *SSBT Fund HG05 for The New Economy Fund*	45,583,400	1.64
8.	Kenanga Capital Sdn. Bhd. *Pledged Securities Account for Tune Air Sdn. Bhd.*	41,005,310	1.47
9.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for JPMorgan Chase Bank, National Association (TAIWAN)*	40,754,500	1.46

ANALYSIS OF SHAREHOLDINGS

as at 18 March 2016

LIST OF TOP 30 LARGEST SHAREHOLDERS (CONTINUED)

	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
10.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for The Bank of New York Mellon (Mellon ACCT)*	40,740,593	1.46
11.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for JPMorgan Chase Bank, National Association (U.K.)*	38,801,117	1.39
12.	HSBC Nominees (Asing) Sdn. Bhd. *HSBC-FS for Value Partners High – Dividend Stocks Fund*	35,927,900	1.29
13.	Citigroup Nominees (Asing) Sdn. Bhd. *UBS AG*	30,004,365	1.08
14.	Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Tune Air Sdn. Bhd. (M1566A)*	29,085,000	1.05
15.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	25,891,887	0.93
16.	HSBC Nominees (Asing) Sdn. Bhd. *SBL of Morgan Stanley & Co. International Plc*	25,170,500	0.90
17.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	25,000,000	0.90
18.	Cartaban Nominees (Asing) Sdn. Bhd. *BBH (LUX) SCA for Fidelity Funds Pacific*	24,631,600	0.89
19.	HSBC Nominees (Asing) Sdn. Bhd. *BBH and Co Boston for GMO Emerging Domestic Opportunities Fund*	23,589,800	0.85
20.	Citigroup Nominees (Asing) Sdn. Bhd. *CBNY for Dimensional Emerging Markets Value Fund*	22,533,919	0.81
21.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Siti Nur Aishah Binti Ishak*	20,979,600	0.75
22.	HSBC Nominees (Asing) Sdn. Bhd. *TNTC for AJO Emerging Markets All-Cap Master Fund, Ltd.*	20,871,400	0.75
23.	Tune Air Sdn. Bhd.	20,589,569	0.74
24.	Cartaban Nominees (Asing) Sdn. Bhd. *GIC Private Limited for Government of Singapore (C)*	20,571,600	0.74
25.	HSBC Nominees (Asing) Sdn. Bhd. *BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	18,755,648	0.67
26.	HSBC Nominees (Asing) Sdn. Bhd. *HSBC BK Plc for Saudi Arabian Monetary Agency*	18,623,400	0.67
27.	Cartaban Nominees (Asing) Sdn. Bhd. *Exempt An for State Street Bank & Trust Company (West CLT OD67)*	18,572,400	0.67
28.	Citigroup Nominees (Asing) Sdn. Bhd. *Citibank Europe Plc as Trustee for Standard Life Pacific Basin Trust (CBLDN)*	17,084,500	0.61
29.	Citigroup Nominees (Asing) Sdn. Bhd. *Goldman Sachs International*	16,808,129	0.60
30.	Citigroup Nominees (Asing) Sdn. Bhd. *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	16,760,400	0.60

LIST OF PROPERTIES HELD

Owner of building	Postal address/ location of building	Description/ existing use of building	Tenure/date of expiry of lease	Build-up area	Approximate age of building	Audited net book value as at 31 December 2015 (RM'000)
AirAsia Berhad	Taxiway Charlie, KLIA (part of PT39 KLIA, Sepang) *See Note 1*	Non permanent structure/aircraft maintenance hangar	*See Note 2*	2,400 sqm	13 years	1,563

(1) On the fitness of occupation of the hangar, it is the subject of a year-to-year "Kelulusan Permit Bangunan Sementara" issued by the Majlis Daerah Sepang.

(2) The land area occupied is approximately 2,400 square meters. The land is owned by Malaysia Airports (Sepang) Sdn. Bhd. ("MAB") and the Company has an automatic renewal of tenancy on a month to month basis. Revaluation of properties has not been carried out on any of the above properties to date.

SALES OFFICES & STATIONS

BRUNEI DARUSSALAM
BANDAR SERI BEGAWAN
- No 3, Departure Hall
  Brunei International Airport
  Bandar Seri Begawan
  BS2513, Brunei Darussalam

CAMBODIA
PHNOM PENH
- Phnom Penh International Airport
  National Road No 4
  Kakab Commune Posenchay
  District, Phnom Penh
- No 8 Street 141, Veal Vong Quarter
  7 Makara District, Phnom Penh
- AEON Mall, Ground Floor, #132
  Street Samdach Sothearos
  Sangkat Tonle Bassac
  Khan Chamkarmon, Phnom Penh

CHINA
MACAU
- Macau International Airport Taipa
  Office 20, Mezzanine Level
  Passenger Terminal, Macau

SHENZEN
- Century Holiday International Travel
  Service (Shenzhen), Co Ltd
  XY-10 Junting Hotel, 2085 Eastern
  Road, Luo Hu, Shenzhen 518001

GUANG DONG
- Century Holiday International Travel
  Service (Guang Zhou), Co Ltd
  First Floor, No 8 Zhong Sha
  3 Road, Guang Zhou 510000

- Century Holiday International Travel
  Service (Guang Zhou), Co Ltd
  Shop 105-2, No 50 Ti Yu Road
  West, Tian He District, Guangzhou

BEIJING
- Century Holiday International Travel
  Service (Beijing) Co Ltd
  No 163A Floor of Yi, No 6 Chaowai
  Street, Chao Yang District
  Beijing 100022

CHENGDU
- Century Holiday International Travel
  Service (ChengDu) Co Ltd
  No 172-5 Binjang East Road
  Jinjang District, ChengDu

SHANGHAI
- Century Holiday International Travel
  Service (Shanghai) Co Ltd
  No 739, Changde Road
  Jing'an District, Shanghai

YUNNAN
- Century Holiday International Travel
  Service (Kunming) Co Ltd, No 1108
  Huancheng South Road, Kunming
  Yunnan, China

HANGZHOU
- No 567 Jianguo North Road (near
  Moyaying Bustop), Hangzhou, China

ZHUHAI
- No 399 QiouGuang Road, Zhuhai

CHONGQING
- C3, Hongyadong, No 88 Jia Bin
  Road, Yuzong District, Chongqing

KUNMING
- No 1108 Huancheng South Road,
  Kunming, Yunnan, China

XI'AN
- No 6 Kejishangmao Building
  East of Xidian University
  Community, Keji Road
  Yanta District, Xi'an

INDONESIA
BANDA ACEH
- Bandara Sultan Iskandar Muda
  Blang Bintang, Aceh

BALIKPAPAN
- Departure Terminal, Sepinggan
  International Airport, Jl. Marsma R.
  Iswahyudi, Sepinggan, Balikpapan

LOMBOK
- Departure Terminal, Lombok
  International Airport
  Praya, Lombok
  Nusa Tenggara Barat

PONTIANAK
- Customer Service Office
  Supadio International Airport
  Pontianak, Kalimantan Barat 78381

DENPASAR, BALI
- Bandara I Gusti Ngurah Rai
  Terminal Keberangkatan Domestik
  Bali 80361
- Sun Boutique Hotel, Jl Sunset Road
  No 23, Bali

BANDUNG
- Gedung Beranda Pasundan
  Bandara Husein Sastranegara
  Jalan Pajajaran No 156 Bandung
  Jawa Barat
- Lobby Grand Serela Hotel
  No 56 Jl LL RE Martadinata (Riau)
- No 36A Jl Kopo Bihbul

JAKARTA
- Soekarno-Hatta International
  Airport Terminal 3, Departure Hall
  Airlines Offices, Cengkareng
- Jl Boulevard Raya, Blok LA 4
  No 10 Kelapa Gading, Jakarta Utara
- Komp Rukan Dharmawangsa
  No 43 Jl Dharmawangsa VI
  Jakarta Selatan
- Sarinah Plaza (LG level)
  No 11 Jl Mh Thamrin, Jakarta Pusat
- Head Quarter PT. Indonesia AirAsia,
  No 1 Jl Marsekal Suryadharma
  Tangerang

MAKASSAR
- Sultan Hasanuddin International
  Airport, Departure Terminal
  Makassar, South Sulawesi

MEDAN
- Kualanamu International Airport
  1st floor, Ticketing Lounge
  International Arrival Deli Serdang
- Garuda Plaza Hotel
  No 18 Jl Sisingamangaraja,
  Medan-20213
- Counter Railink Station Medan
  Zona A Ruangan A-7 Lt. 2
  No 1 Jl Stasiun, City Railway
  Station, Medan
- No 548P Jl Asia, Medan
- No 189B Jl Bakaran Batu
  Lubuk Pakam, Medan

PADANG
- Minangkabau International Airport
  Padang, West Sumatra
- No 75B Jl. Veteran, Purus, Padang
  Barat, Padang, West Sumatra

PALEMBANG
- Sultan Mahmud Badaruddin II
  Airport, Palembang, South Sumatra

PEKANBARU
- Sultan Syarif Kasim II, International
  Airport, Jl Perhubungan Udara
  Simpang Tiga, Pekanbaru, Sumatra

SOLO
- Adi Soemarmo International
  Airport, Solo, Central Java
  SURABAYA
- Juanda International Airport
  Terminal 2, Jl Raya Juanda
  Surabaya, Jawa Timur
- Plaza East UG Unit 48
  Tunjungan Plaza 1, Jl Basuki
  Rahmat 8-12 Surabaya
- LG Floor A6-01/A6-50
  Pakuwon Trade Centre Supermall
  No 2 Jl. Puncak Indah Lontar
  Surabaya

MALANG
- No 6 Jl. Sarangan, Lowokwaru,
  Malang

YOGYAKARTA
- Adisutjipto International Airport
  Jl Solo Km9, Yogyakarta 55282
- No 119c Jl HOS Cokroaminoto
  Yogyakarta

SEMARANG
- Ahmad Yani International Airport
  Jl. Puad A. Yani, Semarang
- Komp. Pertokoan Simpang Lima
  Blok C No 1, Semarang

SALES OFFICES & STATIONS

MALAYSIA
JOHOR
- Tune Hotel, Danga Bay
  Lot PTB 22819 Jalan Skudai
  Mukim Bandar Johor Bahru
  80200 Johor
- Senai International Airport
  Lot S7, 81250 Johor Bahru
- No 26 Jalan Bakri
  84000 Muar, Johor
- No 7 Jalan Bestari 1/5
  Taman Nusa Bestari
  81300 Bandar Nusajaya, Johor
- No 37 Ground Floor
  Jln Md.Lazim Saim
  86000 Kluang, Johor

KEDAH
- Lapangan Terbang Sultan Abdul Halim, Level 1, 06550 Kepala Batas Alor Setar, Kedah.
- Langkawi International Airport
  07100 Padang Mat Sirat, Langkawi
- Lot 1F TR01, 1st Floor Central Square Shopping Centre
  No 23 Jln Kg Baru
  08000 Sungai Petani, Kedah

KUALA LUMPUR
- Lot 4, Level 2, Stesen Sentral
  50470 Kuala Lumpur
- Lot No K16 (New Wing) Utility Level Stesen Monorail di atas Jln Sultan Ismail PT88, Seksyen 67 Jalan Sultan Ismail, 55100 Kuala Lumpur
- Lot G027B, Ground Floor Podium Block Plaza Berjaya
  No 12 Jalan Imbi
  55100 Kuala Lumpur
- 71, Jalan Metro Perdana Barat 1
  Taman Usahawan Kepong
  52100 Kuala Lumpur
- Wisma Paradise, Ground Floor
  No 63 Jalan Ampang
  50450 Kuala Lumpur

KELANTAN
- Ground Floor, Lapangan Terbang Sultan Ismail Petra, Pengkalan Chepa, 16100 Kota Bharu, Kelantan

PERAK
- PI Hotel - Ipoh, No 2 Ground Floor, The Host, Jalan Veerasamy
  30000 Ipoh, Perak

TERENGGANU
- Sultan Mahmud Airport, Level 1 Terminal Building
  21300 Kuala Terengganu
  Terengganu

LABUAN
- Labuan Airport Terminal, Level 1
  87008 Wilayah Persekutuan Labuan

NEGERI SEMBILAN
- GF21, Ground Floor Terminal 2
  Jalan Era Square 4, Era Square
  70200 Seremban, Negeri Sembilan

PENANG
- Lot 8, Departure Concourse Penang International Airport, 11900 Bayan Lepas, Penang
- 332, Ground Floor Kim Mansion
  Lebuh Chulia, 10200 Penang
- No 12H-G Jln Tun Dr Awang, 11900 Bayan Lepas, Penang
- A-G-07, Jalan Todak 4, Sunway Business Park, Pusat Bandar Seberang Jaya, 13700 Perai Penang

SABAH
- Lot 2, Sandakan Airport 90000 Sandakan, Sabah.
- FL4, 1st Floor Tawau Airport Building, Jalan Apas Balun
  91100 Tawau, Sabah
- TB228, Lot 5 Ground Floor
  Istana Monaco Hotel
  Jalan Bunga Fajar Complex
  91000 Tawau, Sabah
- Lot G24, Ground Floor Wisma Sabah, Jln Tun Razak
  88000 Kota Kinabalu, Sabah
- Level 2 (Domestic Departure Hall Entrance), Terminal 1 Kota Kinabalu International Airport
  Jalan Petagas Kota Kinabalu
  88100 Kota Kinabalu, Sabah
- Lot G-2, Ground Floor Plaza USIA Building, Jalan Teratai, MDLD 7084
  91100 Lahad Datu, Sabah.

SARAWAK
- GL-02-G Jalan Bintulu, Lapangan Terbang Bintulu, 97000 Bintulu, Sarawak
- Lot GL08, Ground Floor
  Public Concourse
  98000 Miri Airport, Sarawak
- GF Lot 946, Jalan Parry
  98000 Miri, Sarawak
- No 291 GF, Sublot 4 Wisma Ho Ho Lim, Jalan Abell
  93100 Kuching, Sarawak
- Lot GFLO1, Common Departure Area, Level 1 Landslide
  Sibu Airport
  96000 Sibu, Sarawak
- No 36, Lot 1684 (G/F) Jalan Keranji, Brooke Drive 5
  96000 Sibu, Sarawak
- GF, Lot 4034 Parkcity Commercial Square, Phase 5
  97000 Bintulu, Sarawak
- Lot 6813, Ground Floor Synergy Square, Matang Jaya Commercial Centre, Jalan Matang
  93050 Kuching, Sarawak
- Lot L1L C15, Ground Floor Arrival Level, Kuching International Airport,
  93250 Kuching, Sarawak

SELANGOR
- G2, Terminal SkyPark
  Lapangan Terbang Sultan Abdul Aziz Shah, 47200 Subang, Selangor
- Jalan KLIA S3, Southern Support Zone, Kuala Lumpur International Airport (KLIA)
  64000 Sepang, Selangor
- Unit 30, Level 2 KLIA2
  Kuala Lumpur International Airport 2 (KLIA2)
  64000 Sepang, Selangor
- Lot No G-35, Mydin Hypermarket, Persiaran Subang Permai USJ1
  47500 Subang Jaya, Selangor
- Lot S141, 2nd Floor Plaza Metro Kajang, Section 7
  Jalan Tun Abdul Aziz
  43000 Kajang, Selangor
- Lot 3B, Ground Floor Wisma Thrifty
  No 19 Jalan Barat
  46200 Petaling Jaya, Selangor

MYANMAR
YANGON
- No 66, 1st Floor 16 Street
  Lanmadaw Township, Yangon
  Myanmar

MANDALAY
- Room 3, 26th (B) Road (between 78th and 79th Road), Mandalay

PHILIPPINES
CAGAYAN DE ORO
- Laguindingan International Airport
  Brgy Moog, Laguindingan
  Misamis Oriental
- DIMDI,J.R. Borja St., Cagayan de Oro City

CEBU
- West Wing Domestic Area, Mactan Cebu Int'l Airport, Pusok, Lapu Lapu City, Cebu
- 3rd Floor Service Lane, Elizabeth Mall N. Bacalso Ave. Cebu City

MANILA
- Naia Terminal 4, Domestic Road
  Pasay City
- G/F Colonnande Residences 132 C. Palanca Street, Legaspi Village
  Makati City
- Unit 126 South Parking Building
  SM Mall of Asia Complex, JW Diokno Boulevard, Pasay City
- Unit 108 SM City North Edsa – The Block, SM City Complex, North Edsa, Pag-Asa 1, Quezon City

DAVAO
- Francisco Bangoy International Airport, Buhangin, Davao City
- 2/L Victoria Plaza, JP Laurel Avenue, Davao City

KALIBO
- 1880 D Maagma St., Kalibo, Aklan

TAGBILARAN
- Talibon Commercial Center 1
  Talibon, Bohol
- Airport Building, 2nd Floor, Airport Road, Tagbilaran City, Bohol

PUERTO PRINCESA
- Bgy Bancao-Bancao, Airport Compound, Puerto Princesa City

TACLOBAN
- DZR Airport
  San Jose Tacloban City

SALES OFFICES & STATIONS

SINGAPORE
- Singapore Changi Airport
  Terminal 1, Rows 13 & 14
  Departure Level 2, Singapore

SRI LANKA
COLOMBO
- Setmil Aviation (Pvt) Ltd, Ground Floor, Setmil Maritime Centre, 256 Srimath Ramanathan Mawatha Colombo 15, Sri Lanka

THAILAND
BANGKOK
- 127 Tanao Road, Phra Nakorn
  Bangkok 10200
- Suvarnabhumi International Airport
  Room A1-062 Ground Floor
  Concourse A, Bangna-Trad Road
  Racha Teva, Bang Pli
  Samutprakarn 10540
- Tesco Lotus – Bangkapi, 2nd Floor
  3109 Ladpro Road, Bangkapi
  Bangkok 10240
- Tesco Lotus – Rama1, 3rd Floor
  831 Rama 1 Road, Wangmai
  Pathumwan, Bangkok10330
- Tesco Lotus - Sukhumvit 50
  1st floor, 1710, Sukhumvit Road
  Klong Toey, Bangkok 10110
- Tesco Lotus - Lad Prao, 2nd Floor
  1190, Phahonyothin Road, Jompol
  Jatujak, Bangkok 1090

CHIANG MAI
- Chiangmai International Airport
  60, 1st Floor, Tambol Sutep
  Amphur Muang, Chiang Mai 50200
- 416 Thaphae Road, Chiang Mai

CHIANG RAI
- Chiang Rai International Airport
  2305/2 404 Moo 10, Tambol Bandu
  Amphur Muang, Chiang Rai 57100

HAT YAI
- Hat Yai International Airport
  125 Moo 3 Klongla, Klonghoikong
  Songkhla 90115
- 69 Thumnoonvithi Rd. Hat Yai
  Songkhal 90110

KRABI
- Krabi International Airport Room No 133, Moo 5, Petchakasem Rd. Nuaklong Sub District, Nuaklong District, Krabi 81130

NAKHON PHANOM
- Nakhon Phanom Airport
  Level 1 40 M.6 ,Nittayo Road
  Photak District, Nakhon Phanom
  48000

NAKORN SI THAMMARAT
- Nakorn Si Thammarat Airport
  Muang District, Nakorn Si
  Thammarat

NARATHIWAT
- Narathiwat Airport, 330 Moo 5
  Tambol Kok-Kian, Amphur Muang
  Narathiwat 96000

PHUKET
- Phuket International Airport
  312, 3rd Floor, Tumbol Maikao
  Amphur Thalang, Phuket 83110
- Unit 9, Laflora Patong Area
  No 39, 39/1, Thaveewong Rd
  Patong, Kratoo, Phuket
- Tesco Lotus – Phuket, 2nd Floor
  104, Chalermprakiat Road, Rasada
  Sub District, Muang District
  Phuket 83000

SURAT THANI
- Surat Thani International Airport
  73 Moo 3 Tambol Huatuey, Amphur
  Punpin, Surat Thani

TRANG
- Trang Airport House No 170, Village No 12, Trang-Paliean Road, Koklor sub-district, Mueang Trang district Trang, 92000

UBON RATCHATHANI
- Ubon Ratchathani Airport, 297 Ubon Ratchathani Airport, Thepyotee Road, Amphur Nai Muang, Ubon Ratchathani 34000

UDON THANI
- Udon Thani International Airport
  224 Moo 1, Tambol Makkhang
  Amphur Muang, Udon Thani 41000

PATTAYA
- Tesco Lotus - South Pattaya
  2nd Floor, 408/2 Moo 12, South Pattaya, Sukhumvit Rd, Nongprue Banglamung, Chonburi 20150

VIETNAM
HANOI
- NoiBai Airport, Terminal 1
  International Departure Hall
  3rd Floor, Hanoi, Vietnam
- 55 Nam Ngu, Cua Nam Ward
  Hoan Kiem District, Ha Noi City
  Vietnam

HO CHI MINH
- Tan Son Nhat International Airport
  Room # 1.4.19
- 84B Bui Vien, District 1
  Ho Chi Minh City, Vietnam

DA NANG
- 108 Nguyen Van Linh
  Da nang City, Vietnam

BANGLADESH
- Erectors House (5th Floor)
  18 Kemal Ataturk Avanue, Banani
  C/A, Dhaka 1213, Bangladesh

MALDIVES
- G. Fasmugoo 1st Floor
  Bodurasgefaanu Magu
  Male' 20133, Republic of Maldives

INDIA
- 405, Surya Kiran Building
  Kasturba Gandhi Marg
  New Delhi-110001, India
- A/2D, Dr. Md. Ishaque Road,
  Chowringhee Mansions
  Block-E, Kolkata – 700016, India
- SCO 59-60, First floor Sector -9D,
  Chandigarh, India
- M2 Usha Plaza, M.I road
  Jaipur, India

CALL CENTRE

Australia
+61 2 8188 2133

China
+86 512 8555 7711

India
1860 500 8000

Indonesia
+62 21 2927 0999
+62 804 1333 333

Japan
+81 50 6864 8181

Hong Kong
+852 3013 5060

Macau
+853 6262 6352

Malaysia
1600 85 8888
(AirAsia X Premium Line)
chargeable at RM1.95 per minute

New Zealand
+64 9 887 6920

Philippines
+632 722 2742

South Korea
050 4092 00525

Taiwan
+886 2 8793 3532

Thailand
+66 2 515 9999

GLOSSARY

AirAsia Berhad	"The Company" or "AirAsia".
Aircraft at end of period	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Aircraft utilisation	Average number of block hours per day per aircraft operated.
Available Seat Kilometres (ASK)	Total seats flown multiplied by the number of kilometres flown.
Average fare	Passenger seat sales, surcharges and fees divided by number of passengers.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capacity	The number of seats flown.
Cost per ASK (CASK)	Revenue less operating profit divided by available seat kilometres.
Cost per ASK, excluding fuel (CASK ex fuel)	Revenue less operating profit and aircraft fuel expenses, divided by available seat kilometres.
Load factor	Number of passengers as a percentage of capacity.
Passengers carried	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Revenue per ASK (RASK)	Revenue divided by available seat kilometres.
Revenue Passenger Kilometres (RPK)	Number of passengers multiplied by the number of kilometres those passengers have flown.
Stage	A one-way revenue flight.

FORM OF PROXY

AIRASIA BERHAD
(Company No.: 284669-W)
Incorporated in Malaysia

I/We ______________________________ NRIC No./Co No.: ______________________________
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of ____
(ADDRESS)

telephone no. ______________________________ being a member of the Company hereby appoints
(COMPULSORY)

______________________________ NRIC No.: ______________________________
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of ____
(ADDRESS)

and/or ______________________________ NRIC No.: ______________________________
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of ____
(ADDRESS)

as my / our proxy(ies) to vote in my / our name and on my / our behalf at the Twenty Third Annual General Meeting of the Company to be held on Monday, 30 May 2015 at 10.00 a.m. and at any adjournment of such meeting and to vote as indicated below:

AGENDA			
No. 1	To consider the Audited Financial Statements and the Reports of Directors and Auditors thereon		
RESOLUTIONS	**DESCRIPTION**	**FOR**	**AGAINST**
Ordinary No. 1	**Ordinary Business** Declaration of First and Final Single Tier Dividend		
No. 2	Approval of Directors' Fees with effect from the financial year ending 31 December 2016		
No. 3	Re-election of Aireen Omar		
No. 4	Re-election of Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar		
No. 5	Re-election of Mr. Stuart L Dean		
No. 6	Re-election of Dato' Sri Gnanaraja A/L M. Gnanasundram		
No. 7	Re-election of Dato' Mohamed Khadar Bin Merican		
No. 8	Re-appointment of Auditors		
No. 9	**Special Business** Proposal for Dato' Fam Lee Ee to be retained as Senior Independent Non-Executive Director of the Company		
No. 10	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965		
No. 11	Proposed renewal of existing shareholders' mandate and new shareholders' mandate for Recurrent Related Party Transactions		

(Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting as he thinks fit)

No. of shares held:	
CDS Account No.:	
The proportion of my/our holding to be represented by my/our proxies are as follows:	First Proxy : __________% Second Proxy : __________%
Date:	

____
Signature of Shareholder/Common Seal

Notes to Form of Proxy

a. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the forthcoming Annual General Meeting.
b. A member must be registered in the Record of Depositors at 5.00 p.m. on 23 May 2016 ("General Meeting Record of Depositors") in order to attend and vote at the Meeting. A depositor shall not be regarded as a Member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
c. A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).
d. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
e. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
f. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
g. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**

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stamp

COMPANY SECRETARY
AirAsia Berhad (Company No. 284668-W)
B-13-15, Level 13
Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehadsan
Malaysia

Fold here

AirAsia Berhad (284669-W)
LCC Terminal, Jalan KLIA S3, Southern Support Zone, Kuala Lumpur International Airport
64000 Sepang, Selangor Darul Ehsan, Malaysia
T +603 8660 4333 **F** +603 8775 1100
E investorrelations@airasia.com