



AIRASIA BERHAD
(Company No. 284669-W)

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

ANNOUNCEMENT

The Board of Directors of AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as “the Group”) for the second quarter ended 30 June 2015.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Revenue	10	1,324,819	1,310,916	2,621,650	2,613,352
Operating expenses:					
- Staff costs		(192,607)	(153,858)	(364,561)	(309,900)
- Depreciation of property, plant and equipment		(165,577)	(190,172)	(351,285)	(354,250)
- Aircraft fuel expenses		(476,539)	(581,715)	(958,502)	(1,112,300)
- Maintenance and overhaul		(36,271)	(45,625)	(81,981)	(74,403)
- User charges and other related expenses		(151,679)	(123,645)	(299,028)	(259,538)
- Aircraft operating lease expenses		(68,845)	(50,629)	(121,463)	(101,047)
- Other operating expenses		(66,932)	(57,711)	(104,239)	(104,896)
Other income	11	64,067	75,440	126,065	96,684
Share of results of jointly controlled entities	23	5,008	5,019	9,049	10,799
Share of results of associates	23	8,021	(13,835)	41,192	(3,285)
Operating Profit		243,465	174,185	516,897	401,216
Finance Income	27	29,693	24,785	69,145	48,006
Finance Costs	27	(149,195)	(127,951)	(300,764)	(246,091)
Net operating profit		123,963	71,019	285,278	203,131
Foreign Exchange (loss)/gain on borrowings	27	(43,591)	202,922	(393,679)	204,859
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities		23,006	(18,627)	123,169	(18,844)
Gain on disposal of interest in AirAsia Expedia Travel		-	-	320,500	-
Costs related to the sale and leaseback of aircraft	12				
- finance costs related to termination of borrowings		(54,615)	-	(54,615)	-
- other costs		-	-	(38,592)	-
Profit before tax		48,763	255,314	242,061	389,146
Current Taxation	28	(14,467)	(3,261)	(22,887)	(6,393)
Deferred taxation	28	208,731	115,102	173,184	124,120
Profit after tax		243,027	367,155	392,358	506,873
Attributable to:					
-Equity holders of the company		243,027	367,155	392,358	506,873
-Minority interests		-	-	-	-
		243,027	367,155	392,358	506,873
Basic earnings per share (sen)		8.7	13.2	14.1	18.2
Diluted earnings per share (sen)		8.7	13.2	14.1	18.2

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



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SECOND QUARTER REPORT ENDED 30 JUNE 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Profit for the period		243,027	367,155	392,358	506,873
Other comprehensive (loss)/income					
Available-for-sale financial assets		(120,918)	(32,871)	(150,469)	(100,556)
Cash flow hedges	13	58,970	(68,995)	54,998	(100,263)
Foreign currency translation differences		(223)	-	(5,543)	-
Total comprehensive (loss)/income for the period		180,856	265,289	291,344	306,054
Total comprehensive (loss)/income attributable to:					
Equity holders of the company		180,856	265,289	291,344	306,054
Minority Interest		-	-	-	-



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SECOND QUARTER REPORT ENDED 30 JUNE 2015

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	30/06/2015	30/06/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	242,061	389,146
Adjustments:		
Property, plant and equipment		
- Depreciation	351,285	309,900
- Loss on disposal	(1,778)	(41)
- Writeback of impairment	-	-
Impairment on available-for-sale financial asset	-	2,685
Fair value gains on derivative financial instruments	(353,894)	(35,790)
Share of results of jointly-controlled entities	(9,049)	(10,799)
Share of results of associates	(41,192)	3,285
Gain on disposal of investment in AAE Travel	(320,500)	-
Net unrealised foreign exchange loss	795,822	(185,169)
Interest expense	300,764	240,632
Dividend payable	-	(111,292)
Costs related to the sale and leaseback of aircraft	93,207	-
Interest income	(69,145)	(48,006)
	987,581	554,551
Changes in working capital		
Inventories	(10,631)	6,314
Receivables and prepayments	(127,314)	(68,653)
Trade and other payables	494,140	150,467
Intercompany balances	(423,140)	(457,736)
Cash generated from operations	920,636	184,943
Interest paid	(235,748)	(236,078)
Interest received	10,748	48,006
Tax paid	(8,503)	(7,273)
Net cash from operating activities	687,133	(10,402)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(196,039)	(1,492,517)
- Proceeds from disposal	903,046	-
Investment in associates	(22,615)	-
Investment in available-for-sale financial asset	(53,811)	-
Proceeds from disposal of investment in AAE Travel	347,044	-
Loan repayments received from associates	44,750	-
Deposit on aircraft purchase	-	(17,727)
Placement of restricted cash	-	(224,464)
Net cash generated from/(used in) investing activities	1,022,375	(1,734,708)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	-	2,064
Proceeds from borrowings	126,635	1,899,142
Deposits pledged as security	-	(777)
Repayment of borrowings	(1,361,779)	(393,494)
Net cash (used in)/generated from financing activities	(1,235,144)	1,506,935
NET INCREASE FOR THE FINANCIAL PERIOD/YEAR	474,364	(238,175)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,337,849	1,194,490
CURRENCY TRANSLATION DIFFERENCES	25,539	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	1,837,752	956,315

* Included within the balance at end of period is an amount RM640.6 million of restricted cash and fixed deposits pledged as securities for banking facilities of RM16.2 million



AIRASIA BERHAD
(Company No. 284669-W)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT	AS AT
		30/06/2015	31/12/2014
		RM'000	RM'000
	Note		
NON CURRENT ASSETS			
Property, plant and equipment	15	10,879,167	12,533,535
Investment in associates	23	312,043	230,454
Investment in a jointly controlled entity	23	147,582	191,620
AFS Financial Assets		288,132	384,790
Goodwill		7,334	7,334
Deferred tax assets		640,152	466,968
Receivables and prepayments		1,300,573	1,132,504
Deposit on aircraft purchase		500,321	500,321
Amounts due from an associate		2,630,549	2,301,528
Derivative Financial Instruments	33	641,982	381,686
		17,347,835	18,130,740
CURRENT ASSETS			
Inventories		28,783	18,152
Receivables and prepayments		709,312	682,909
Amounts due from a jointly controlled entity		47,380	51,188
Amount due from associates		185,584	153,803
Amount due from a related party		9,604	3,179
Deposits, bank and cash balances		1,837,752	1,337,849
Derivative Financial Instruments	33	98,781	286,298
Non-current asset held for sale		574,413	-
		3,491,609	2,533,378
CURRENT LIABILITIES			
Trade and other payables		1,146,381	773,128
Sales in advance		607,677	502,810
Derivative Financial Instruments	33	154,441	472,204
Amount due to associate		40,852	55,110
Amount due to a related party		30,335	24,693
Borrowings	32	2,288,231	2,274,928
Current tax liabilities		15,240	9,380
		4,283,157	4,112,253
NET CURRENT (LIABILITIES)/ASSETS			
		(791,548)	(1,578,875)
NON CURRENT LIABILITIES			
Other payables and accruals		1,399,921	1,212,044
Amount due to an associate		77,190	83,545
Deferred tax liabilities		-	-
Borrowings	32	10,080,943	10,453,090
Derivative Financial Instruments	33	235,288	248,095
		11,793,342	11,996,774
		4,762,945	4,555,091
CAPITAL AND RESERVES			
Share capital	7	278,297	278,297
Share Premium		1,230,941	1,230,941
Foreign exchange reserve		3,275	8,818
Retained earnings		3,206,903	2,898,035
Other Reserves		43,529	139,000
Shareholders' funds		4,762,945	4,555,091
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.71	1.64

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



AIRASIA BERHAD

(Company No. 284669-W)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company									
	Issued and fully paid ordinary shares of RM0.10 each	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	Foreign Exchange Reserves RM'000	Cash Flow Hedge Reserves RM'000	AFS Reserves RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000
At 1 January 2015	2,782,974	278,297	1,230,941	8,818	(172,874)	311,874	2,898,035	4,555,091	-	4,555,091
Net Profit for the period	-	-	-	-	-	-	392,358	392,358	-	392,358
Other comprehensive income	-	-	-	(5,543)	54,998	(150,469)	-	(101,015)	-	(101,015)
Dividend payable	-	-	-	-	-	-	(83,489)	(83,489)	-	(83,489)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	-	-	-	-	-	-	-	-	-	-
At 30 June 2015	2,782,974	278,297	1,230,941	3,275	(117,876)	161,405	3,206,904	4,762,945	-	4,762,945
At 1 January 2014	2,781,064	278,106	1,229,068	855	80,065	486,347	2,926,491	5,000,932	-	5,000,932
Net Profit for the period	-	-	-	-	-	-	506,873	506,873	-	506,873
Other comprehensive income	-	-	-	(136)	(100,263)	(100,556)	-	(200,956)	-	(200,956)
Dividend payable	-	-	-	-	-	-	(111,292)	(111,292)	-	(111,292)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,912	191	1,873	-	-	-	-	2,064	-	2,064
At 30 June 2014	2,782,976	278,297	1,230,941	719	(20,198)	385,791	3,322,072	5,197,622	-	5,197,622

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



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(Company No. 284669-W)

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SECOND QUARTER REPORT ENDED 30 JUNE 2015

KEY OPERATING STATISTICS – 30 JUNE 2015

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

Quarter Ended: 30 June	Apr - Jun 2015	Apr - Jun 2014	Change y-o-y
Passengers Carried	5,951,924	5,573,241	7%
Capacity	7,432,560	6,963,840	7%
Seat Load Factor	80%	80%	0 ppt
RPK (million)	7,263	6,799	7%
ASK (million)	9,100	8,535	7%
Average Fare (RM)	141	157	-10%
Ancillary Income Per Pax (RM)	46	45	2%
Unit Passenger Revenue (RM)	187	202	-7%
Revenue / ASK (sen)	14.56	15.36	-5%
Revenue / ASK (US cents)	3.96	4.18	-5%
Cost / ASK (sen)	11.88	13.32	-11%
Cost / ASK (US cents)	3.24	3.63	-11%
Cost / ASK-ex Fuel (sen)	6.65	6.50	2%
Cost / ASK-ex Fuel (US cents)	1.81	1.77	2%
Aircraft (end of period)	80	80	0%
Average Stage Length (km)	1,230	1,212	1%
Number of Flights	41,292	38,688	7%
Fuel Consumed (Barrels)	1,531,057	1,393,176	10%
Average Fuel Price (US\$ / Barrel)	85	114	-25%

Exchange Rate: RM:USD – 3.6717 - prior year US cent figures are restated at the current period average exchange rate

Definition and calculation methodology

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before operating profit divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



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(Company No. 284669-W)

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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2014.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2015 or later are provided in part B general information and summary of significant accounting policies in the audited financial statements of the Group for the financial year ended 31 December 2014. The adoption of the standards applicable to the Group that came into effect on 1 January 2015 did not have any significant impact on the Group upon initial application. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards.

3. Auditors’ report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group’s statutory financial statements for the financial year ended 31 December 2014 in their report dated 22 April 2015.

4. Seasonality of operations

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The load factor was 80% in the quarter under review and at the same period last year. Compared against the immediate preceding quarter (first quarter January - March 2015), the load factor has improved 5 percentage points. This seasonal pattern is in line with the expectation of the Group.



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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date.

6. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

7. Capital and reserves

During quarter ended 30 June 2015, the total issued and paid-up share capital of the Company remained unchanged at RM278,297,408. There was no cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 March 2015.

8. Dividend paid

The first and final single-tier dividend of 3.0 sen per share on 2,782,974,080 ordinary shares of RM0.10 for the year ended 31 December 2014, amounting to RM83,489,222 was paid on 2 July 2015 to shareholders whose name appeared in the Record of Depositors at the close of business on 3 June 2015. As the dividend was approved in the quarter under review, the dividend was recognized as a liability within Trade and Other Payables as at 30 June 2015.

9. Segment reporting

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

10. Revenue

	Quarter ended 30/6/2015 RM million	Quarter ended 30/6/2014 RM million
Passenger seat sales	806.6	716.9
Baggage fees	115.9	113.3
Aircraft operating lease income	234.3	198.2
Surcharges and fees	31.7	159.9
Other revenue	136.3	122.7
	1,324.8	1,311.0

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



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(Company No. 284669-W)

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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

11. Other Income

	Quarter ended 30/6/2015 RM million	Quarter ended 30/6/2014 RM million
Gain on disposal of property, plant and equipment	(2.7)	-
Gain on disposal of available-for-sale financial assets	-	42.1
Others	66.8	33.3
	<u>64.1</u>	<u>75.4</u>

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

12. Provision for loss on aircraft held for sale

In the previous financial period, the Board approved the sale and leaseback of 16 vintage A320 aircraft in view of the incoming delivery of Airbus A320neo aircraft starting 2016. A total of 10 transactions have been completed to date and RM54.6 million finance costs related to these transactions have been recognized in the income statement in the quarter under review. In addition to the expected reduction in borrowings by approximately RM1.2bil, a total of RM0.2 bil net cash proceeds is also expected to be generated as a result of these transactions.

13. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 30 June 2015 as compared to 31 March 2015 as follows:

	Quarter ended 30/6/2015 RM million	Quarter ended 31/3/2015 RM million
Fair value loss in the period	(120.9)	(29.6)
Amount transferred to income statement	59.0	(4.0)
	<u>(61.9)</u>	<u>(33.6)</u>

Fair value changes in effective hedging contracts are recognized directly in equity and are transferred to the income statement in the same period as the underlying hedged item impacts profit or loss.



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(Company No. 284669-W)

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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

14. Disclosure of Realised and Unrealised Profits

The cumulative retained profit of the Group and its subsidiaries comprises realized and unrealized profit as disclosed in the table below.

	As at 30/6/2015 RM million	As at 31/12/2014 RM million
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	3,603,933	2,906,177
Unrealised	(530,738)	(91,609)
	<u>3,073,195</u>	<u>2,814,568</u>
Total share of accumulated gains/(losses) from associates		
Realised	44,713	3,521
Total share of accumulated gains/(losses) from jointly controlled entities		
Realised	88,995	79,946
Total group retained profit as per consolidated accounts	<u><u>3,206,903</u></u>	<u><u>2,898,035</u></u>

15. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 30 June 2015, the Group acquired property, plant and equipment with a cost of RM12.8 million (quarter ended 30 June 2014: RM1,140.3 million).

During the quarter ended 30 June 2015, proceeds from disposal of property, plant and equipment totaled RM903.0 million (quarter ended 30 June 2014 RMNil).



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(Company No. 284669-W)

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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

(b) revaluation

There was no revaluation of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

(c) impairment

There was no impairment of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

16. Post balance sheet events

There were no material events after the period end that have not been reflected in the financial statements for the financial period ended 30 June 2015 as at the date of this report.

17. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter under review.

18. Contingent assets

As at the date of this report, the Group does not have any contingent assets.

19. Changes in contingent liabilities since the last annual balance sheet date

There were no material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2014.

20. Capital commitments outstanding not provided for in the interim financial report

Capital commitments for property, plant and equipment:

	Group and Company	
	<u>30/6/2015</u>	<u>30/6/2014</u>
	RM'000	RM'000
Approved and contracted for	67,574,782	48,313,714
Approved but not contracted for	15,649,253	14,449,500
	-----	-----
	83,224,035	62,763,214
	=====	=====



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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

21. Material related party transactions

Details of the relationship and transactions between AirAsia and its related parties are as described below. The related party transactions described were carried out on the terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

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

These following items have been included in the Income Statement

	Quarter ended 30/6/2015 RM million	Quarter ended 30/6/2014 RM million
Thai AirAsia		
Lease rental income on aircraft	108,950	93,591
Indonesia AirAsia		
Lease rental income on aircraft	89,342	81,587
Philippines AirAsia		
Lease rental income on aircraft	20,312	6,788
India AirAsia		
Lease rental income on aircraft	15,701	-
AirAsia X Berhad		
Services charged to AirAsia X Berhad	1,846	1,815
Asian Aviation Centre of Excellence Sdn Bhd		
Training costs charged to AirAsia Berhad	(6,132)	(4,675)



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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

22. Review of performance

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

Quarter Ended: 30 June	Apr - Jun 2015	Apr - Jun 2014
RM'000		
Revenue	1,324,819	1,310,916
Operating expenses:		
- Staff costs	(192,607)	(153,858)
- Depreciation of property, plant and equipment	(165,577)	(190,172)
- Aircraft fuel expenses	(476,539)	(581,715)
- Maintenance and overhaul	(36,271)	(45,625)
- User charges and other related expenses	(151,679)	(123,645)
- Aircraft operating lease expenses	(68,845)	(50,629)
- Other operating expenses	(66,932)	(57,711)
Other income	64,067	75,440
Share of results of jointly controlled entities	5,008	5,019
Share of results of associates	8,021	(13,835)
Operating Profit	243,465	174,185
Finance Income	29,693	24,785
Finance Costs	(149,195)	(127,951)
Net operating profit	123,963	71,019
Foreign Exchange (loss)/gain on borrowings	(43,591)	202,922
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities	23,006	(18,627)
Costs related to the sale and leaseback of aircraft - finance costs related to termination of borrowings	(54,615)	-
Profit before tax	48,763	255,314
Current Taxation	(14,467)	(3,261)
Deferred taxation	208,731	115,102
Profit after tax	243,027	367,155
EBITDAR	477,887	414,986
EBITDAR Margin	36%	32%
EBIT Margin	18%	13%



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SECOND QUARTER REPORT ENDED 30 JUNE 2015

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

The Group recorded revenue of RM1,324.8 million for the quarter ended 30 June 2015 (“2Q15”), 1% higher than the revenue of RM1,310.9 million recorded in the quarter ended 30 June 2014 (“2Q14”). The revenue was supported by a 7% growth in passenger volume while the average fare was down 10% at RM141 as compared to RM157 achieved in 2Q14. Ancillary income per passenger increased by 2% to RM46 year-on-year. The seat load factor was at 80% consistent with the same period last year.

The profit before tax for the period was RM48.8 million compared to RM255.3 million in the same quarter of 2014 while the profit after tax for the period was RM243.0 million compared to RM367.2 million in the same quarter of 2014.

Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	Apr - Jun 2015	Jan – Mar 2015
Cash from Operations	477,382	209,751
Cash from Investing Activities	859,976	162,399
Cash from Financing Activities	(1,063,999)	(171,145)
Net Cash Flow	273,359	201,005

The Group’s cash from operations was RM477.4 million, compared to RM209.8 million in the immediate preceding quarter ended 31 March 2015. Net cash flow in the quarter amounted to a RM273.4 million inflow, as cash in flows from operating and investing activities exceeded financing cash out flows.

Balance sheet commentary for current quarter

Balance Sheet RM million	June 2015	March 2015
Total Debt	12,369	13,144
Cash	1,838	1,600
Net Debt	10,531	11,544
Net Gearing	2.21	2.47

The Group’s total debt as of end of June 2015 was RM12.4 billion. The Group’s net debt after offsetting the cash balances amounted to RM10.5 billion.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

Asia Aviation Capital Limited (“AAC”)

Included within the Group results is AAC, a wholly owned subsidiary of AirAsia that provides aircraft leasing services for the AirAsia group of companies. Aircraft owned and operated in Malaysia will however remain with the Company. The results of the Company for 2Q15 which is consolidated into the results of AirAsia is shown below:

Quarter Ended: 30 June USD'000	Apr - Jun 2015	Apr - Jun 2014
Revenue	11,690	-
Operating expenses:		
- Staff costs	(67)	-
- Aircraft operating lease expenses	(10,428)	-
- Other operating expenses	(18)	-
Operating Profit	1,176	-
Finance Income	-	-
Finance Costs	(1)	-
Net Operating Profit	1,174	-
Foreign exchange gain on amounts due from intercompany	4	-
Profit before tax	1,179	-
Taxation	-	-
Profit after tax	1,179	-
EBITDAR	1,176	0
EBITDAR Margin	10%	0%
EBIT Margin	10%	0%

Operational ratios	Apr - Jun 2015	Apr - Jun 2014
Total aircraft in the portfolio	6	-
Addition	13	-
Operating lease aircraft	19	-
Owned aircraft	-	-
Committed aircraft delivery % of aircraft placed	100%	-
No of Aircraft by Lessee	19	-
Thai AirAsia	12	-
Indonesia AirAsia	3	-
Philippines AirAsia	3	-
AirAsia India	1	-
3rd party	-	-
Total Aircraft average age (Years)	6.5	-
Operating lease avg age (Years)	6.8	-
Owned acft avg age (Years)	-	-
Average remaining lease tenure (Years)	5.8	-



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

23. Jointly Controlled Entities and Associate Companies

i) Associate Company - Thai AirAsia

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

Thai AirAsia recorded revenue of THB6,898.8 million in 2Q15, 26% higher compared to the THB5,475.0 million achieved in 2Q14. The positive growth in revenue is attributed to higher passenger volumes which increased by 26% year-on-year. Ancillary income per passenger decreased by 6% year-on-year. Passengers carried by Thai AirAsia increased as capacity rose 23% year-on-year while the seat load factor increased 2ppt to 80%.

Thai AirAsia achieved an operating profit of THB514.4 million in 2Q15, compared to an operating loss of THB429.1 million in 2Q14. Thai AirAsia achieved a net profit of THB374.2 million in 2Q15, compared to a net loss of THB317.6 million in 2Q14.

AirAsia Berhad has equity accounted RM18.1 million in 2Q15, as reflected in the AirAsia Berhad income statement.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

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

Quarter Ended: 30 June	Apr - June 2015	Apr - June 2014	Change y-o-y
Passengers Carried	3,539,856	2,806,804	26%
Capacity	4,445,820	3,611,880	23%
Seat Load Factor	80%	78%	2 ppt
RPK (million)	3,574	2,855	25%
ASK (million)	4,410	3,667	20%
Average Fare (THB)	1,632	1,612	1%
Ancillary Income Per Pax (THB)	319	341	-6%
Unit Passenger Revenue (THB)	1,951	1,953	0%
Revenue / ASK (THB)	1.56	1.49	5%
Revenue / ASK (US cents)	4.64	4.43	5%
Cost / ASK (THB)	1.45	1.61	-10%
Cost / ASK (US cents)	4.30	4.78	-10%
Cost / ASK-ex Fuel (THB)	0.90	0.89	1%
Cost / ASK-ex Fuel (US cents)	2.68	2.64	1%
Aircraft (end of period)	43	37	16%
Average Stage Length (km)	992	1,015	-2%
Number of Flights	24,699	20,066	23%
Fuel Consumed (Barrels)	806,099	641,952	26%
Average Fuel Price (US\$ / Barrel)	89	122	-27%

Exchange Rate: USD:THB – 33.70 - prior year US cents figures are restated at the current period average exchange rate

Definition and calculation methodology

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before operating profit divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

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

Quarter Ended: 30 June THB'000	Apr - June 2015	Apr - June 2014
Revenue	6,898,835	5,474,996
Operating expenses:		
- Staff costs	(728,062)	(645,456)
- Depreciation of property, plant and equipment	(276,420)	(178,034)
- Aircraft fuel expenses	(2,408,410)	(2,639,335)
- Maintenance & overhaul	(543,405)	(453,216)
- User charges and other related expenses	(1,151,592)	(773,961)
- Aircraft operating lease expenses	(984,150)	(939,507)
- Other operating expenses	(410,729)	(389,630)
Other income	118,350	115,037
Operating Profit/(loss)	514,417	(429,106)
Finance Income	(50,884)	84,469
Finance Costs	(148,514)	(68,681)
Profit/(loss) before tax	315,019	(413,318)
Taxation	(7,008)	95,709
Deferred taxation	66,178	-
Profit/(loss) after tax	374,189	(317,609)
EBITDAR	1,774,987	688,435
EBITDAR Margin	26%	13%
EBIT Margin	7%	-8%



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

Balance Sheet

Quarter Ended: 30 June THB'000	June 2015	Dec 2014
Property, Plant & Equipment	18,277,953	15,932,386
Other non-current assets	921,881	824,138
Prepaid Expenses	479,904	270,021
Inventory	99,018	75,603
Other Debtors & Prepayments	661,481	757,275
Amounts due from related parties	372,636	68,163
General Investment	2,500	10,480
Cash & Short Term Deposits	7,178,213	7,751,263
Total Assets	27,993,586	25,689,329
Sales In Advance	3,799,228	4,629,227
Other Creditors & Accruals	1,740,442	1,800,086
Amounts Owing to Related Party	371,430	472,709
Deferred tax liabilities	472,568	351,812
Finance lease liabilities	13,933,333	12,076,968
Other long term liabilities	178,637	157,548
Total Liabilities	20,495,638	19,488,350
Share Capital	435,556	435,556
Share Premium	2,628,786	2,628,786
Retained Earnings	4,433,606	3,136,637
Total Equity	7,497,948	6,200,979

ii) Associate Company - Indonesia AirAsia

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

Indonesia AirAsia recorded revenue of IDR 1,266.8 billion in 2Q15, 16% lower as compared to the IDR 1,507.8.0 billion achieved in 2Q14. The drop in revenue can be attributed to lower passenger volumes which decreased by 18% year-on-year despite the 3% increase in the year-on-year unit passenger revenue. Ancillary income per passenger increased by 16% year-on-year. Passengers carried by Indonesia AirAsia decreased as capacity decreased 12% year-on-year while the seat load factor decreased by 5 percentage points to 73% as compared to 2Q14.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

Indonesia AirAsia recorded an operating loss of IDR395.2 billion in 2Q15, compared to an operating loss of IDR271.8 billion in 1Q14. Indonesia AirAsia recorded a net loss of IDR486.4 billion in 2Q15 as compared to a net loss of IDR340.3 billion in 2Q14.

The AirAsia Berhad share of the net loss in 2Q15 amounted to RM66.3 million. However, as the Group's interest in Indonesia AirAsia has been reduced to zero any profits will only be recognized when a total of RM474.2 million of unrecognized losses have been reversed.

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

Quarter Ended: 30 June	Apr - Jun 2015	Apr - Jun 2014	Change y-o-y
Passengers Carried	1,632,831	1,986,645	-18%
Capacity	2,244,960	2,555,280	-12%
Seat Load Factor	73%	78%	-5 ppt
RPK (million)	2,196	2,288	-4%
ASK (million)	2,990	2,936	2%
Average Fare (IDR)	611,094	611,446	0%
Ancillary Income Per Pax (IDR)	168,858	145,279	16%
Unit Passenger Revenue (IDR)	779,952	756,725	3%
Revenue / ASK (IDR)	423.67	513.60	-18%
Revenue / ASK (US cents)	3.21	3.89	-18%
Cost / ASK (IDR)	555.85	606.16	-8%
Cost / ASK (US cents)	4.22	4.60	-8%
Cost / ASK-ex Fuel (IDR)	357.05	340.12	5%
Cost / ASK-ex Fuel (US cents)	2.71	2.58	5%
Aircraft (end of period)	29	30	-3%
Average Stage Length (km)	1,240	1,174	6%
Number of Flights	12,472	14,196	-12%
Fuel Consumed (Barrels)	473,298	502,024	-6%
Average Fuel Price (US\$ / Barrel)	95	118	-19%

Exchange Rate: USD:IDR – 13,187 - prior year US cents figures are restated at the current period average exchange rate



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

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

Quarter Ended: 30 June IDR million	Apr - Jun 2015	Apr - Jun 2014
Revenue	1,266,831	1,507,821
Operating expenses:		
- Staff costs	(174,757)	(180,366)
- Depreciation	(24,910)	(24,793)
- Aircraft fuel expenses	(594,442)	(781,038)
- Aircraft operating lease expense	(315,674)	(293,814)
- Maintenance & overhaul	(225,706)	(157,202)
- User charges and other related expenses	(234,271)	(251,008)
- Other operating expenses	(101,790)	(99,006)
Other income	9,506	7,653
Operating loss	(395,213)	(271,753)
Finance Income	2,189	321
Finance Costs	(93,333)	(68,904)
Loss before tax	(486,357)	(340,336)
Taxation	-	-
Loss after tax	(486,357)	(340,336)
EBITDAR	-54,629	46,854
EBITDAR Margin	-4%	3%
EBIT Margin	-31%	-18%



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

Balance Sheet

Quarter Ended: 30 June IDR million	June 2015	Dec 2014
Property, Plant & Equipment	1,451,491	1,497,196
Inventory	10,077	241,338
Other Debtors & Prepayments	335,242	514,747
Amounts Owing from Related Parties	117,302	34,696
Deferred tax assets	139,114	88,236
Maintenance Reserves	329,551	277,516
Cash & Short Term Deposits	260,155	215,540
Total Assets	2,642,933	2,869,269
Sales In Advance	341,474	187,307
Other Creditors & Accruals	436,811	821,776
Amounts Owing to Related Party	4,209,705	3,407,205
Finance lease payable	1,853,423	1,634,325
Total Liabilities	6,841,412	6,050,613
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(4,378,480)	(3,361,344)
Total Equity	(4,198,480)	(3,181,344)

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

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

AirAsia Philippines recorded revenue of PHP2.3 billion in 2Q15, 6% higher as compared to the PHP2.2 billion achieved in 2Q14. The increase in revenue can be attributed to higher passenger volumes which increased by 6% year-on-year and the 16% increase in the year-on-year RASK. Ancillary income per passenger increased by 7% year-on-year. Passengers carried by AirAsia Philippines increased as capacity increased 1% year-on-year while the seat load factor increased by 3 percentage points to 80% as compared to 2Q14.

AirAsia Philippines recorded an operating loss of PHP403.6 million in 2Q15, compared to an operating loss of PHP1.3 billion in 2Q14. There is also significant improvement in the net loss position of AirAsia Philippines from PHP1.3 billion in 2Q14 to PHP777.0 million in 2Q15.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

AirAsia Philippines recorded a net loss of RM63.7 million (quarter ended 30 June 2014: net loss of RM97.9 million) in the quarter under review out of which RMNil million is equity accounted in the AirAsia Berhad income statement. As the Group's interest in AirAsia Philippines has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM156.6 million of unrecognized losses have been reversed.

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

Quarter Ended: 30 June	Apr - Jun 2015	Apr - Jun 2014	Change y-o-y
Passengers Carried	976,381	924,155	6%
Capacity	1,215,900	1,200,060	1%
Seat Load Factor	80%	77%	3 ppt
RPK (million)	894	864	3%
ASK (million)	1,152	1,254	-8%
Average Fare (PHP)	1,934	1,954	-1%
Ancillary Income Per Pax (PHP)	448	419	7%
Unit Passenger Revenue (PHP)	2,382	2,373	0%
Revenue / ASK (PHP)	2.02	1.74	16%
Revenue / ASK (US cents)	4.50	3.89	16%
Cost / ASK (PHP)	2.37	2.75	-14%
Cost / ASK (US cents)	5.28	6.13	-14%
Cost / ASK-ex Fuel (PHP)	1.49	1.45	3%
Cost / ASK-ex Fuel (US cents)	3.33	3.25	3%
Aircraft (end of period)	15	19	-21%
Average Stage Length (km)	948	1,045	-9%
Number of Flights	6,755	6,667	1%
Fuel Consumed (Barrels)	234,224	240,423	-3%
Average Fuel Price (US\$ / Barrel)	96	150	-36%

Exchange Rate: USD:PHP – 44.8 - prior year US cents figures are restated at the current period average exchange rate



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

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

Quarter Ended: 30 June PHP'000	Apr - Jun 2015	Apr - Jun 2014
Revenue	2,323,645	2,185,942
Operating expenses:		
- Staff costs	(339,216)	(447,099)
- Depreciation of property, plant and equipment	(41,431)	(11,352)
- Aircraft fuel expenses	(1,006,006)	(1,619,146)
- Maintenance & overhaul	(410,905)	(486,135)
- User charges and other related expenses	(329,197)	(204,937)
- Aircraft operating lease expenses	(400,164)	(558,700)
- Travel and tour operating expenses	-	-
- Other operating expenses	(212,449)	(145,396)
Other (losses)/gains - net	-	-
Other income	12,073	30,162
Operating loss	(403,650)	(1,256,661)
Finance Income	33	53
Finance Costs	(170,934)	(105,434)
Net operating loss	(574,551)	(1,362,042)
FX and FV Gains/(Losses) on Borrowings	(202,424)	30,107
Loss before tax	(776,975)	(1,331,935)
Taxation	-	-
Loss after tax	(776,975)	(1,331,935)
EBITDAR	37,945	-686,609
EBITDAR Margin	2%	-31%
EBIT Margin	-17%	-57%



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

Balance Sheet

Quarter Ended: 30 June PHP'000	June 2015	Dec 2014
Property, Plant & Equipment	1,098,849	2,145,860
Work In Progress	17,522	17,522
Investment in subsidiaries	729,644	729,644
Inventory	44,493	43,936
Other Debtors & Prepayments	3,439,842	1,616,428
Cash & Short Term Deposits	106,745	350,865
Total Assets	5,437,095	4,904,255
Sales In Advance	1,486,132	1,534,111
Other Creditors & Accruals	5,347,293	4,988,216
Amounts Owing to Related Party	11,290,645	8,271,191
Long Term Liabilities	7,978,050	9,238,425
Total Liabilities	26,102,120	24,031,943
Share Capital	893,589	893,589
Preference shares	423,922	423,922
Retained Earnings	(21,982,536)	(20,445,199)
Total Equity	(20,665,025)	(19,127,688)

iv) Associate Company – AirAsia India Private Limited ('AirAsia India')

AirAsia India is an associate company which is incorporated in India and is 49% owned by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates.

AirAsia India recorded revenue of INR1,148.0.0 billion in 2Q15, compared to the INR17.6 million achieved in 2Q14 as operations commenced in June 2014. The number of passengers carried was approximately 302,136 which contributed to a unit passenger revenue of INR3,702. Ancillary income per passenger was at INR352 while the seat load factor was 83%.

AirAsia India recorded a net loss of RM25.4 million (quarter ended 30 June 2014: RM0.4 million) in the quarter under review out of which RMNil million is equity accounted in the AirAsia Berhad income statement. As the Group's interest in AirAsia India has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM21.5 million of unrecognized losses have been reversed.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

Performance indicator for India operations for current quarter

Quarter Ended: 30 June	Apr - Jun 2015
Passengers Carried	302,136
Capacity	365,040
Seat Load Factor	83%
RPK (million)	332
ASK (million)	398
Average Fare (INR)	3,350
Ancillary Income Per Pax (INR)	352
Unit Passenger Revenue (INR)	3,702
Revenue / ASK (sen)	14.38
Revenue / ASK (US cents)	3.95
Cost / ASK (sen)	11.35
Cost / ASK (US cents)	3.11
Cost / ASK-ex Fuel (sen)	6.01
Cost / ASK-ex Fuel (US cents)	1.65
Aircraft (end of period)	5
Average Stage Length (km)	1,146
Number of Flights	2,028

Exchange Rate: USD:INR – 64 - prior year US cents figures are restated at the current period average exchange rate



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

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

Quarter Ended: 30 June	Apr - Jun 2015	Apr - Jun 2014
INR'000		
Revenue	1,147,968	17,648
Operating expenses:		
- Staff costs	(311,918)	(3,341)
- Depreciation of property, plant and equipment	(6,348)	(100)
- Aircraft fuel expenses	(509,616)	(8,007)
- Maintenance and overhaul	(95,317)	(1,498)
- User charges and other related expenses	(168,297)	(1,391)
- Aircraft operating lease expenses	(273,855)	(4,303)
- Other operating expenses	(200,758)	(5,499)
Other income	5,120	271
Operating Profit	(413,021)	(6,218)
Finance Income	17,286	-
Finance Costs	(19)	-
Net operating profit	(395,754)	(6,218)
Foreign exchange (loss)/gain	(45,740)	(719)
Profit before tax	(441,494)	(6,937)
Current Taxation	(31)	-
Profit after tax	(441,525)	(6,937)
EBITDAR	(132,818)	(1,816)
EBITDAR Margin	-12%	-10%
EBIT Margin	-36%	-35%



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

Balance Sheet

Quarter Ended: 31 March INR'000	June 2015	Dec 2014
Property, Plant & Equipment	238,284	26,880
Work In Progress	-	7,556
Inventory	17,468	78,551
Other Debtors & Prepayments	241,462	45,894
Cash & Short Term Deposits	689,442	1,032,982
Total Assets	1,186,656	1,191,863
Sales In Advance	609,753	337,692
Other Creditors & Accruals	586,326	231,897
Amounts Owing to Related Party	969,288	851,590
Long Term Liabilities	5,592	-
Total Liabilities	2,170,959	1,421,179
Share Capital	908,664	908,664
Share Premium	-	-
Retained Earnings	(1,892,966)	(1,137,981)
Total Equity	(984,302)	(229,317)



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

v) Associate Company – AirAsia Japan Co., Ltd (‘AirAsia Japan’)

AirAsia Japan is an associate company which is incorporated in Japan and is 49% owned by AirAsia Berhad. AirAsia Japan recorded a net loss of RM12.8 million in the quarter under review of which RM6.3 million is equity accounted in the financial statements of AirAsia Berhad.

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

BIG is an associate company which is incorporated in Malaysia and is 47.8% owned by AirAsia Berhad. BIG recorded a net loss of RM6.4 million (quarter ended 30 June 2014: net loss of RM5.0 million) in the quarter under review of which RMnil million is equity accounted in the AirAsia Berhad financial statement. As the Group’s interest in BIG has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM27.9 million of unrecognized losses have been reversed.

viii) Associate Company – AAE Travel Pte Ltd (‘AAE Travel’)

AAE Travel has been reclassified to investment in an associate company in the current financial period subsequent to the divestment of 25% equity interest in the share capital of AAE Travel (Note 29). AAE Travel is incorporated in Singapore and is 25% owned by AirAsia Berhad. AAE Travel recorded a net profit of RM2.4 million (quarter ended 30 June 2014: RM6.0 million) in the quarter of which RM0.6 million (quarter ended 30 June 2014: net profit of RM3.0 million) is equity accounted in the AirAsia Berhad income statement.

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

On 26 January 2015, AirAsia subscribed to 40% of equity interest in the enlarged issued and paid-up share capital of Tune Money for a cash consideration of RM10 million. Tune Money is an associate company which is incorporated in Malaysia. Tune Money recorded a net loss of RM11.1 million in the quarter of which RM4.4 million is equity accounted in the AirAsia Berhad income statement.

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

AACOE is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. AACOE recorded a net profit of RM10.0 million (quarter ended 30 June 2014: RM4.0 million) in the quarter of which RM5.0 million (quarter ended 30 June 2014: RM2.0 million) is equity accounted in the AirAsia Berhad income statement.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

24. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM243.0 million for the quarter under review. This is RM93.7 million higher compared to the RM149.3 million profit after taxation in the immediately preceding quarter ended 31 March 2015.

25. Commentary on prospects

In Malaysia, we see strong demands in the third quarter of 2015 with an average load factor forecast at 81% and a better fare environment as MAS has begun its rationalization process. MAA is working on increasing capacity in the third quarter to meet the strong demand.

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

In Indonesia, forward loads and average fares for the remaining months of the third quarter of 2015 are improving as a result of the brand recovery efforts launched in April.

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

In India, the forward loads remain buoyant. AirAsia India will remain focused on building a footprint in the Indian domestic market with the introduction of new routes and frequency increases.

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



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

26. Profit forecast

No profit forecast has been issued.

27. Finance income/(costs)

All figures in RM'000	Group and Company			
	Quarter Ended 30/6/15	Quarter Ended 30/6/14	Year to Date 30/6/15	Year to Date 30/6/14
Finance income				
Interest on amounts due from associates and JV entities	16,611	19,810	49,559	36,172
Interest on deposits	5,906	2,948	12,404	6,004
Gain from interest rate contracts	7,166	1,391	7,169	3,689
Other interest income	10	636	13	2,141
	29,693	24,785	69,145	48,006
Finance costs				
Bank borrowings	(142,304)	(125,417)	(286,285)	(240,976)
Amortisation of premiums for interest rate caps	(2,187)	(2,030)	(4,323)	(4,083)
Loss from interest rate contracts	-	-	(4,819)	-
Bank facilities and other charges	(4,704)	(504)	(5,337)	(1,032)
	(149,195)	(127,951)	(300,764)	(246,091)
Net cost	(119,502)	(103,166)	(231,619)	(198,085)
Foreign exchange gains/(losses)				
Borrowings				
- realized	(7,846)	2,211	(2,954)	(3,073)
- unrealized	(183,118)	163,008	(730,344)	176,010
- gain/(loss) from forward foreign exchange contracts	13,079	(7,541)	36,482	(13,018)
- fair value movement recycled from cash flow hedge reserve	134,294	45,244	303,137	44,940
	(43,591)	202,922	(393,679)	204,859



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

28. Income tax expense

Current taxation

The current taxation charge of RM14.5 million comprises tax payable on interest income.

Deferred taxation

RM208.7 million deferred tax credits arose in the current financial period. The deferred tax assets increased as the difference between the net book value and tax written down value of property, plant and equipment increased in the period. The deferred tax assets increased as additional capital allowances were granted in the period which remained unutilized in combination with the Investment Allowances.

29. Unquoted investments and properties

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

30. Quoted investments and properties

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

31. Status of corporate proposals announced

There are no further updates in the corporate proposals announced.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

32. Borrowings and debt securities

	As at 30/6/2015 RM'000	As at 31/12/2014 RM'000
Current	2,288,231	2,274,928
Non-current	10,080,943	10,453,090
Total Debt	<u>12,369,174</u>	<u>12,728,018</u>

The currency profile of borrowings is as follows:

	As at 30/6/2015 RM'000	As at 31/12/2014 RM'000
Ringgit Malaysia	1,513,170	2,285,827
US Dollar	10,521,120	10,099,768
Euro	127,858	140,204
Singapore Dollar	207,026	202,219
	<u>12,369,174</u>	<u>12,728,018</u>

The above term loans, finance lease liabilities (Ijarah) and commodity murabahah finance are for the purchase of aircraft, spare engines and working capital purposes.

The maturity period of non-current borrowing is 14 years and below. Borrowings are denominated in US Dollar (predominantly), Singapore dollars, Ringgit Malaysia and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 33 (i).

The repayment terms of term loans and finance lease liabilities (Ijarah) and commodity murabahah finance are on a quarterly or semi-annually basis. These are secured by the following:

- (a) Assignment of rights under contract with Airbus over each aircraft;
- (b) Assignment of insurance of each aircraft; and
- (c) Assignment of airframe and engine warranties of each aircraft.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

33. Derivative Financial Instruments:

The fair value of derivative financial instruments is determined in accordance with FRS139 “Financial Instruments: Recognition and Measurement”

(i) Forward Foreign Exchange Contracts

As at 30 June 2015, AirAsia Berhad has hedged approximately 57% of the US dollar liabilities of its aircraft (which are deployed to Malaysia) and engine loans into Malaysian Ringgit (“MYR”). The latest weighted average of USD/MYR forward exchange rate is 3.2358.

(ii) Interest Rate Hedging

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

(iii) Fuel Hedging

As at 30 June 2015, the Group has entered into Singapore Jet Kerosene fixed swaps which represents up to 50% of the Group’s total budgeted fuel consumption for year 2015.



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

33. Derivative financial instruments (continued)

Type of derivatives	Notional Value as at 30/06/2015	Fair Value as at 30/06/2015 Assets/(liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	1.5	(47.6)
Total	1.5	(47.6)
(ii) Interest rate contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	7.2	(0.3)
- more than 3 years	3,908.1	(259.8)
Total	3,915.3	(260.1)
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	37.9	0.5
- 1 year to 3 years	362.1	59.7
- more than 3 years	3,152.2	598.1
Total	3,552.2	658.3

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



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

34. Fair value estimation

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following tables presents the Group and Company's assets and liabilities that are measured at fair value at 30 June 2015 and 31 December 2014:

	Level 1 RM'mil	Level 2 RM'mil	Level 3 RM'mil	Total RM'mil
30 June 2015				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	126	-	126
Derivatives used for hedging	-	614	-	614
Available-for-sale financial assets				-
- Equity securities	288	-	-	288
Total Assets	288	740	-	1,028
Liabilities				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	73	-	73
Derivatives used for hedging	-	317	-	317
Total Liabilities	-	390	-	390
31 December 2014				
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	62	-	62
Derivatives used for hedging	-	606	-	606
Available-for-sale financial assets				-
- Equity securities	385	-	-	385
Total Assets	385	668	-	1,053
Liabilities				
Financial assets at fair value through profit or loss				
- Trading derivatives	-	76	-	76
Derivatives used for hedging	-	644	-	644
Total Liabilities	-	720	-	720



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

34. Fair value estimation (continued)

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

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

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques. This category includes private equity investments, certain OTC derivatives (requiring complex and unobservable inputs such as correlations and long dated volatilities) and certain bonds.

35. Material litigation

As at 20 August 2015, there was no material litigation against the Group.

36. Proposed dividend

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



AIRASIA BERHAD
(Company No. 284669-W)

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

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2015

37. Earnings per share

(a) Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/6/15	Preceding Year Quarter Ended 30/6/14	Current Year to Date 30/6/15	Preceding Year to Date 30/6/14
Net profit for the financial period (RM'000)	243,027	367,155	392,358	506,873
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,782,245	2,780,542	2,782,245	2,780,542
Adjusted for share options granted ('000)	-	773	-	773
Adjusted weighted average number of ordinary shares ('000)	2,782,245	2,781,315	2,782,245	2,781,315
Basic earnings per share (sen)	8.7	13.2	14.1	18.2
Diluted earnings per share (sen)	8.7	13.2	14.1	18.2

(b) Diluted earnings per share

Diluted earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period, adjusted for share options granted.

38. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
20 AUGUST 2015